”The Situation of Entrepreneurs in Administrative Districts of the Zachodniopomorskie Voivodship”

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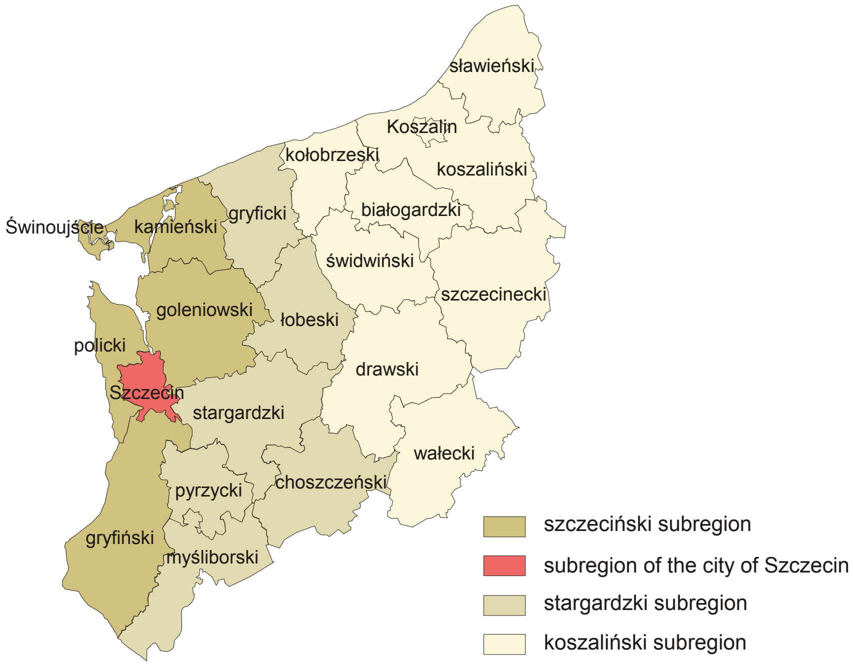
INTRODUCTION

The development of regional entrepreneurship is one of the key conditions to improving their economic potential. Therefore, creating good conditions for developing economic and business competitiveness has been set as a strategic target of national development. Entrepreneurship and innovation are the main means leading to the implementation of the Lisbon strategy aiming at making Europe the leading economy in the world by 2010. [1] Among six strategic objectives set in the Development Strategy for the Zachodniopomorskie Voivodship there are two which reference to economic sphere. i.e. the growth of innovation and efficiency in economy, and strengthening free market mechanisms and business environment. [2]

The Zachodniopomorskie Voivodeship is located in the west of the country. From the north it borders with the Baltic Sea, from the west with Germany, from the south with the Lubuskie Voivodship and Wielkopolskie Voivodship, and from the east with the Pomorskie Voivodship. The area of the Zachodniopomorskie Voivodship in 2008 was 22892 sq. km. which accounted for 7.3% of the surface of the country, and was the fifth biggest in Poland.

Fig. 1. Administrative borders of the Zachodniopomorskie Voivodeship
(the state for 1.01.2009)



Source: *Own analysis based on the data from the Central Statistical Office.*

The administrative division into territorial units, compliant with the regional statistics of EU, breaks the voivodeship into the following territorial unit:

[1] The Lisbon Strategy.*The Way to Success for United Europy*. The Social and Economic Analysis Department Departament. The Committee Council for Integrating Europe. Warsaw 2002.
[2] The Zachodniopomorskie Voivodship Development Strategy to *2020* approved of by The Zachodniopomorskie Voivodship Council (Sejmik). Szczecin, 2005.

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- four subregions: Koszaliński, Stargardzki, Szczeciński, and City Szczecin;
- 18 poviats of earthly: Białogardzki, Choszczeński, Drawski, Goleniowski, Gryficki, Gryfiński, Kamieński, Kołobrzeski, Koszaliński, Łobeski, Myśliborski, Policki, Pyrzycki, Sławieński, Stargardzki, Szczecinecki, Świdwiński, and Wałecki;
- three cities with the status of poviat: Koszalin, Szczecin and Świnoujście;
- 114 communes: 11 municipal, 51 municipal-rural, and 52 rural.

On 31 December 2008 the population of the Zachodniopomorskie Voivodship was 1.7 million, which was 4.4% of the population of the country and was 11th place among 16 other voivodships in Poland. In the years 2004-2008 the population of the region has slightly decreased (by 0.1%). According to demographic forecasts by the Central Statistical Office (GUS) this tendency will continue at least till 20035. I has been estimated that by that time, compared to 2008) the population will have fallen by 6.7%. It will be caused by be the shrinking number of births by 35.0% and the rise in deaths by 25.0%. The fall in births will be caused mainly by the transformation of the reproduction pattern due to age, according to which the peak of reproduction age shifts to older ages, which in turn means putting off the decision about having a child to later ages. Due to the fact that the age of current and future mothers is still increasing, the spread in time full birth 'compensation' by the last boom generation is doubtful. As for the deaths rate, its low values are due to the promotion of healthy lifestyle, the change in the structure of education, the increasing availability of health and care services and improving their qualities. Consequently, the average life expectancy will rise, which will deepen the ageing processes in the population. And the more so because demographic forecasts predict further drops in the 0-14 age group, and a rise in other age groups, in particular in the 65-plus age group. Demographically, this period will be less demanding for economy because there will be less pressure for creating new work places due to smaller job demand caused by fewer people in pre-productive and productive age groups, and more in the post-productive one. These regularities can only be changed by new internal and foreign migration trends. However, according to forecasts for the years 2010-2035 the total migration figures are bound to be negative.

The scope of information which can be used in the analysis of the factors having an influence on changes in economy, i.e. its development, character and structure, is very broad. The findings of a sociological and economic research comprise both synthetic estimators of national costs, as well as the data on the size and dynamism of business activity in different sectors like: industry, building, agriculture and forestry, many fields of market and non-market services, social and communal infrastructure, financial results of companies, investments and innovation activities, research, etc. The final result of all the subjects of a national economy is mirrored in the Domestic Gross Product. In 2006 the DGP for the Zachodniopomorskie Voivoships was PLN 42887 million and was bigger than in 2004 by 12.6% (in Poland by 14.7%). The DGP per capita reached the level of PLN 25324 which was 91.1% of this indicator for Poland and it was less than in 2004. The falling indicator of DGP per capita may suggest the slowing down of development tendencies of the voivodship.

By comparison to 2004, there was an increase of the gross added value, indicating the value of products (goods and services) produced by market and non-market entities (reduced by the indirect costs needed for producing it), by 11.3% (by13.3% in Poland). The gross added value per capita also increased. With the use of the shift-share analysis, it is possible to estimate the level of competitiveness of the Zachodniopomorskie Voivodship on a national scale with

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regard to the structure of generating the gross added value according to the Poland' Code for Activities – PCA (PKD) (assuming the same change tendencies in this area).The research findings show the different structure of generating the gross added value in the voivodship and in the country and they show that generating the added value in the voivodship is based on its economic potential. This potential (PO) compared to the whole country, is very high and with the assumption that the voivodship develops at the same or similar pace as the rest of the country, it will receive a high expected growth of the PO variable.

In 2006 the newly generated value was higher than in 2004 in nearly all PKD sections (except agriculture, hunting, and forestry), and the changing tendencies of the GAV (gross added value) between the sections in the voivodeship were more dynamic than in Poland. The structure of generating the value according to the PCA (PKD) shows the sections which had a bigger influence in its creation: real estate services and services for firms (K), and building (F). However, the competitiveness of the region, showing the differences in the growth rate between the voivodship and the country, was low. The sectors with particularly low competitiveness were: real estate services and services for firms (K), industrial processing (D) health services and social services (N). The potential of competitiveness in the voivodship, considering the possibility to generate new value, was present in the following: building (F), public administration and national defence (L), and hotels and restaurants (H). Compared with the general level of development in the country, the competitiveness of the region with respect to the structure of creating gross added value shows favourably – which is seen in the positive value of the total shift (PC) resulting from the positive shift in the analysed activity groups (except agriculture, hunting, forestry, and fishery and industry).

The development process of the voivodship is also determined by the level of innovation implemented by the local businesses. The innovation potential of the Zachodniopomorskie Voivodship can be estimated by the analysis of the research and development expenses or those on B+R and innovations. According to annual statistical reports carried out by the Central Statistical Office (embracing firms with 50 and more people and referring to B+R in all activity sectors, and to innovation – in big industrial companies) research and development activities in 2007 was done in the voivodship only by 16 centres. The employment rate in B+R for 1000 professionally active people in 2007 was 3.2 people (4.4 in Poland). In 2007 nearly PLN 243.5 million was spent on innovation in industrial companies (by about 61.9% less than in2004). The money spent on research and development was PLN 111.0 million (by 73% more than at the beginning of the period), however per capita it put the Zachodniopomorskie Voivodship on the 11th position in Poland. Detailed analyses on particular poviats and the results of our own research will be presented in the following chapters of this report.

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I. THE COMPARATIVE ANALYSIS OF THE RESEARCH RESULTS OBTAINED FROM THE VOIVODSHIP WORK CENTRE IN SZCZECIN

In the years 2005-2009 within the Zachodniopomorskie Job Market Observatory Project many researches have been made, using both primary and secondary data.

The secondary data research comprised:

a) In 2005: 'The unemployed and job offers in the first half of 2005', 'Deficit and surplus jobs 2005', 'The analysis of business activity and the company's surviving indicator.'
b) In 2006: 'The job market in the period of I-II 2006.', 'The job market in the period II-IV 2006.', 'The job market in the period of IV-V 2006.', 'The job market in the first half of 2006.', 'The job market in the period of VII-VIII 2006.', 'The job market in the period of IX-X 2006.', 'The job market in the period of XI-XII 2006.', 'The job market in 2006.', 'The analysis of secondary data for Poviats for the year of 2005 and the first half of 2006 – Comparison with other voivodships.', 'The analysis of secondary data for Poviats for the year of 2005 and the first half of 2005.', 'The analysis of secondary data for Poviats for the years 1999-2006.';
c) In 2007: 'The job market in the period of I-II 2007.', 'The job market in the period of III-IV 2007.', 'The job market in the period of V-VI 2007.', 'The job market map for the Zachodniopomorskie Voivodship. part 1.', 'The job market in the first half of 2007.', 'The job market in 2007.', 'The job market map for the Zachodniopomorskie Voivodship. part 2.';
d) In 2008: 'REPORT The Situation on the job market in the Zachodniopomorskie Voivodship 2008.'
e) In 2009: 'All Poland Job Market Observatories Conference [post-conference publication] – 2009.', 'The Communes of the Zachodniopomorskie Voivodship in the Light of Research – 2009.', 'The Face of young Generation; Job Expectations of the Young and the Job Market – 2009 .'

The aim, scope and the results of the research in the analysed period have been presented below.

THE YEAR 2005

1. Job opportunities and aspirations of the youth and students in Szczecin and Koszalin cities

a) research target: identifying and diagnosing job aspirations of the young and their opportunities on the job market.
b) surveyed population – students of the last class of secondary education and tertiary education in Koszalin and Szczecin cities. The total population of the group was 600 – 300 for each city.
c) conclusions:
   - both secondary and university students showed interest in the situation on the job market, the latter being interested in the matter more.
   - both had only rudimental knowledge on the existing job market institutions, with the Poviat Work Centre (PUP) being most familiar, and the Voluntary Work Centre (OHP) having a marginal importance for them.

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- a significant number of respondents has clear job plans connected with a public sector or setting up their own firm (mostly students).
- the most popular ways of looking for a job were those based on direct contact with a potential employer. The surveyed believed that good qualifications are the most important feature in finding a job.
- both groups of respondents had some previous job experience, mainly in the country and rarely abroad.
- in both group there was a clear desire to leave the city after finishing education, both groups planning to go abroad.

2. The analysis of needs and the resources of job market institutions

a) research target: identifying and diagnosing the functioning of the local job market institutions in the Zachodniopomorskie Voivodship with respect to creating, gathering and processing data on the job market and its socio-economic surroundings.

b) surveyed population: 140 regional and local job market institutions and their surroundings like self-governing territorial units, foundations and associations, public employment institutions, schools and business support organisations.

c) conclusions:
- over half of the surveyed collects data on the job market, economy and education;
- 25% of institutions updates data on the job market, education or economy each month; and nearly the same percentage does it every three months;
- over half the surveyed tried to acquire the data only through Work Centres;
- the majority is aware of the importance of the job market information in the functioning of their institutions;
- the surveyed institutions willingly cooperate with other job market subjects;
- over half of the researched was able to name institutions which collect information – mainly the public employment institutions like Voivodship Work Centre (WUP) and Poviat Work Centre (PUP).

3. The profile of a required worker

a) research target: identifying and diagnosing the needs and problems of employers in the Zachodniopomorskie Voivodship;

b) surveyed population: 403 employers with more than 10 employees each in the Zachodniopomorskie Voivodship;

c) conclusions:
- the forms suffer from the lack of appropriately qualified workers (this mainly refers to simple jobs); the most popular sources of workers being: newspaper announcements, offers from local Work Centres, the word of mouth from current workers; over half of the respondents observe some barriers in boosting employment, mainly by: no appropriate qualifications, the lack of funds, and high work costs;
- employers' expectations as for the qualifications of their workers as very similar – among the most important being born features: independence, being well organised, good communication and making contacts with people, fast adapting to new duties. In case of candidates for executives and lower management additionally: analytical skills, and computer skills; an ideal worker was expected mainly to be diligent, honesty and loyalty;

- over 75% of the firms cooperates with Poviat Work Centres, mainly in order to acquire workers for apprenticeships, sending their workers to trainings and courses organised by these institutions, getting some help in finding new workers, and some financial help in employing new workers.
- the firms encounter difficulties in finding workers for each level of their staff structure; 40% of them admitted to having increased employment for last year but the size of the planned rise of employment in the next year is lower that that of the last 12 months; over half of the respondents estimated the condition of their branch as very good and good, every third firm used some form of external financial help, mainly from the EU funds.

4. The Disables on the job market

a) research target: diagnosing the socio-economic situation of the disabled in the Zachodniopomorskie Voivodship, and in particular the analysis of their needs, barriers, and problems which disabled people in productive age encounter on the job market;
b) surveyed population: 494 disabled people in the Zachodniopomorskie Voivodship;
c) conclusions:
   - nearly half of the unemployed showed interest in participating in job trainings on the conditions that is should be free;
   - every fourth of the disabled without work was willing to re-qualify.
   - nearly all of those employed said that the body-abled and disabled people are treated equally in their work of place.
   - most of the respondents found public institutions as better places for providing suitable conditions for disabled workers.
   - the main reason for wanting t change a job was better money;
   - some of the disabled workers confirmed that their employers took some steps to adjust the work place to the needs of the disabled; 40% claiming that their current of former employer willingly employed the disabled and provided with necessary support.
   - nearly half of the surveyed considered setting up their own business;
   - the biggest difficulties on the job market were believed to be: not sufficient number of the protected work places, the lack of interest in the disable as potential workers by employers, architectural barriers, lack of information, rejecting, indifference, no understanding or ignorance on the pat of employers, discrimination, no means of transport to work place, poor re-qualifying opportunities, high costs of starting one's own business;
   - the ideas for improving the situation of the disabled on the job market and simultaneously the expected forms of support are as follows: refunding the costs of adapting work places to the needs of the disabled, job intermediation, consulting, improving qualifications, providing transport, educational campaigns promoting employing the disabled, availability of bank loans, legal consulting, changing social awareness regarding the job available for the disabled.

5. Women on the job market

a) research target: diagnosing the socio-economic situation of women in the Zachodniopomorskie Voivodship;
b) surveyed population: 619 women from the Zachodniopomorskie Voivodship;

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c) conclusions:
   - the unemployed women did not show readiness for re-qualifying, claiming that there were slim chances of finding a job after doing so;
   - the surveyed declared high mobility as for the place of living in order to maximise their employment chances;
   - nearly third of them considered starting their own business;
   - according to the respondents, the factors improving the chance for finding a job are: education, having good relationships, young age and a foreign language;
   - the women in question would usually star their job search by seeking help from acquaintances, and contacts in person were believed to be the most effective method of contacting an employer;
   - most of the surveyed found their chances of finding or changing a job rather low, although they believed to have relatively good professional qualifications and skills.

6. The Voivodship Analysis of the unemployed, the employed, and the professionally inactive

a) research target: diagnosing the socio-economic situation of the unemployed, the employed, and the professionally inactive in the Zachodniopomorskie Voivodship;
b) surveyed population: 893 inhabitants of the Zachodniopomorskie Voivodship;
c) conclusions:
   - nearly half of the unemployed shows interest in job trainings on the condition that it should be free;
   - the unemployed did not show any interest in re-qualifying
   - the surveyed declared high mobility as for the place of living in order to maximise their employment chances;
   - only 13% of the surveyed considered starting their own business;
   - 60% of the surveyed knew alternative forms of employment but only 40% were ready to try them out;
   - while looking for a job the most important skills and qualifications, according to the surveyed, were: education, enthusiasm, having good relationships, young age and a foreign language;
   - the surveyed would usually star their job search by seeking help from acquaintances, and contacts in person were believed to be the most effective method of contacting an employer;
   - according to the respondents the situation on the regional job market is bad, and they had no hope for its improvement in the nearest future;
   - most of the surveyed found their chances of finding or of changing a job rather low, although they believed to have relatively good professional qualifications and skills.

THE YEAR 2006

1. The state and the forecast for economic development for the 2nd half of the 2006

a) research target: the diagnosis of the sate of employment and formulating medium-term forecast for the Zachodniopomorskie Voivodship; in particular selecting the suggestions, made by the surveyed group, for possible changes influencing employment in the region, and defining the relations between macroeconomic state of Polish economy and the

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economic situation of particular firms, having direct impact on employment in the Zachodniopomorskie Voivodship.

b) surveyed population: organisations from public sector (like State administration units, educational units, and health services units), and from business units.

c) conclusions:
   - the moods among the surveyed with respect to the current and the past economic situation were better in small and medium businesses;
   - very small percentage of the surveyed was satisfied with the current demand for their services and goods in comparison to the last year level. Only 18% of the respondents thought it high, and 24% said that the level fell;
   - 21% of the surveyed believes that the demand for their services and goods will rise considerably next year;
   - there was a moderate optimism among the respondents as for the development prospects for their firms in the next 3 years;
   - big firms and institutions, with more than 49 workers, were among those which invested most often, and present on the market from 11 to 16 years;
   - the analysis also shows that there are more and more SMEs which engage in planning their investment policies;
   - as for the number of staff and possible reductions of workers, the surveyed did not plan any changes in the nearest future;
   - as for the staff procurement channels the following were mentioned: acquaintances, co-workers, local Work Centres, newspaper ads, the Internet, and professional job agencies;
   - in the future the businesses from the voivodship intend to seek: industrial workers and craftsmen (22%), support work staff in trade and services, fashion models, shop assistants and demonstrators (10%), personal services and security workers, office workers, self-contained machinery and vehicle drivers and operators (6-9%), technical workers and teachers (6%), machinery operators and assemblers, ceramic workers, manufacturers, processing and mining machinery operators (1-3%).

2. Job intermediation and job offers from the outside of the public employment agencies in 2006

a) research target: collecting data on functioning non-public job offers, in the Zachodniopomorskie Voivodship, with the emphasis on the estimation of deficit jobs in the region, identifying the most frequent users of non-public job offers, and the methods of reaching employees by intermediating bodies.

b) surveyed population: the analysis of secondary data, and phone call survey – the sample comprised 27 recruitment firms on the territory of the Zachodniopomorskie Voivodship;

c) conclusions:
   - in the non-public employment intermediation sector, the most demanded types of jobs are: sales reps, shop assistants, financial advisors, line lawyers, drivers, and the least demanded: car tinsmiths, roofers, electricians, graphic designers, hostesses, and turners;
   - the biggest demand for workers is in wholesale and retail trade, then in contracting and manufacturing, and the least in: advertising, music branch and public institutions;
   - analysing job ads it was not possible to identify the size of the firm forwarding the offer

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- the most common source in seeking workers for clients were their own databases, and then the Internet and newspapers.
- in public employment agencies the biggest demand jobs are: shop assistants, maintenance workers and drivers;
- the job offers functioning exclusively in the public employment sector are those not requiring higher education for example maintenance worker, contractors, welders, or cooks.

3. Foreign Economic Migration in 2006

a) research target: the diagnosis of the causes and motifs of economic migration abroad, the analysis of methods and ways of seeking employment abroad, describing and learning the socio-professional structure of the economic migration abroad of the people from the Zachodniopomorskie Voivodship, and the analysis and assessment of the influence of this migration on the job market in the voivodship (especially on unemployment);

b) surveyed population: 380 respondents who planned to go abroad for economic reasons in the course of the nearest 3 months;

c) conclusions:
   - in the voivodship, among the people migrating for economic reasons, the majority were young people up to the age of 35. The older group (35-45 of age) were those with previous experience of working abroad. About 23% of those going abroad wee unemployed. Among them the majority were the representatives of the following jobs: models, shop assistants, demonstrators, personal service workers and security workers, miners and contractors, metal workers, and mechanics, office workers, other industry workers and craftsmen, other specialists, physics mathematics and technical sciences specialists, self-contained machinery and vehicle drivers and operators;
   - the most popular destination countries were the countries of UE, especially Germany, England, and Ireland. The majority planned their journey for a specific time. Only 14% of the respondents planned to leave permanently.
   - the most frequent were short-term migrations (below 12 months);
   - the most often reason for migrating was money.
   - the migrating people were ready to work in other professions than they qualified for;
   - most of the respondents wanted to invest the earned money into building, a purchase or refurbishing a flat or a house.

THE YEAR 2007

1. The state and forecast of economic development of the first half of 2007

a) research target: preparing a medium-term forecast for the Zachodniopomorskie Voivodship on the employment state based on the available data, and the estimation of changes on job market in the voivodship based on a questionnaire survey among businesspeople.

b) surveyed population: 427 firms, in which 200 firms had up to 9 workers, 135 firms employing from 10 to 49 workers, 46 firms employing over 49 workers and 46 public institutions.

c) conclusions:
   - half of the respondents believe that in the next three years the situation of their firms will be the same, and 34% that it will improve;
   - the majority of the surveyed did not make any investments, neither did they plan to do so in the future;

- the numbers of people with a job contract: in most of the firms from 3 to 10 people, in most of the public institutions over 20 people;
- nearly in half of the firms there were no people with higher or incomplete higher education, only in every fifth of them there were 2 people with higher education; Only 9% of the firms had no staff with higher education;
- in 34% of the firms and 42% of the public institutions there no staff with secondary education;
- a significant majority of firms and public institutions did not employ seasonal workers;
- in the majority of firms and institutions there had been no job changes for the last 6 months. Only in 8% of firms and 4% of the public institutions there were job cuts;
- formally proven qualifications and skills were the most often requirements in public institutions (59%) and firms (48%).;
- acquaintances and co-workers were the most often form of looking for new workers. It was used by 20% of the surveyed.

2. Alternative forms of employment

a) research target: describing, learning and diagnosing the structure and the kinds of alternative forms of employment offered by job market institutions in Zachodniopomorskie Voivodship, and in particular analysing the types of those forms of employment and the share they constitute in the job market in the voivodship.
b) surveyed population: the analysis of secondary data and researching job market institutions.
c) conclusions:
   - most employees perceive alternative forms of employment as unwanted necessity;
   - the job offers from the group of flexible forms of employment are usually in the professions which are perceived as unattractive – low wages and with no prospects for development;
   - this type of employment has little share in the public job market, being more popular rather in the private job market;
   - alternative forms of employment are popular with young people and those with no higher education;
   - the offers available in the Poviat Work Centres (PWC) were more homogenous and less varied than those from employment agencies which not only have more of the alternative job offers but also the offers are more varied and better proportioned (commission contracts are prevailing in PWC);

3. Job intermediation and job offers from the outside of public employment institutions in 2007

a) research target: gathering information on the job ads published in the newspapers in the Zachodniopomorskie Voivodship;
b) surveyed population: the analysis of secondary data, and a telephone questionnaire survey (on the group of N=50) in recruitment firms.
c) conclusions:
   - the number of job ads in non-public sector in comparison to the last investigated period has increased by about 45%;

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- as for non-public job intermediation, the most demanded jobs are: sales reps, and the least demanded: interior designers, internal auditors, foremen, plumbers, personnel officer, outcutters;
- still nearly half of the firms using non-public employment intermediation do not inform potential employees about its name and legal status;
- the biggest demand for workers is still in wholesale and retailing, in building and manufacturing, and the least in: advertising;
- the recruitment firms looking for workers for their clients use different sources, the most frequent being the Internet and their own databases, which were used in November 2006, were on the third place;
- in public employment institutions the biggest demand is for: shop assistants, drivers and contractors;
- the job offers present only in the public sector was for jobs not requiring higher education, e.g. maintenance workers, cooks.

4. The Analysis of the structure and educational preparation of students and candidates for the jobs offered in the Zachodniopomorskie Voivodship

a) research target: describing, learning and diagnosing the social structure of the group enrolling on university courses, and in particular identifying the preferences of secondary school leavers as for their choice of further education;
b) surveyed population: the analysis of secondary data and an e-mail survey sent to all higher education institutions in the voivodship, supported by an induction telephone interview;
c) conclusions:
   - the most popular studies are: law and pedagogy;
   - higher education schools in the voivodship develop their teaching potential opening new types of studies;
   - for the last 10 years only few types of studies have been closed.
   - the majority of students came from lyceum and the second commonest were technical secondary school.

5. Education versus job market – the analysis of secondary education school profiles in the Zachodniopomorskie Voivodship

a) research target: diagnosing the situation regarding the network structure of secondary education schools in the voivodship, and in particular providing feedback on the type of courses for school leavers in Zachodniopomorskie Voivodship and adjusting the courses to job market demands;
b) surveyed population: 150 secondary education schools from the voivodship;
c) conclusions:
   - in the course of the last 5 years, in 52.7% of the surveyed schools there have been created new types of schools (most often lyceums);
   - as for special rooms available in schools, the most often choices were: a computer room, a sports hall, foreign languages rooms, physics room, vocational subjects room and chemistry room;
   - half of the surveyed schools had two foreign languages. Nearly all the schools taught economics and running one's own business courses;

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- in 68.7% of secondary schools there were additional subjects (beyond curriculum). In 38.0% of schools students could acquire additional skills – most often a driving licence. Over third of the schools have their own customised curricula.
- most of the schools admit to be cooperating with institutions. 78% of them cooperate with private businesses.
- a certain proportion of the schools are monitoring selected data on unemployment and employment figures. Over third of them does not collect any information;
- over half of the schools have contacts with other schools from abroad (most often form Germany, and less often from France, Denmark, Great Britain, and Sweden);
- most of the schools keeps in touch with their graduates;
- lyceum graduates more often prefer to continue education than to go to work (an exception to this rule are lyceums for adults where the proportions are significantly reversed. Graduates of technical secondary schools more often choose to go on studying than to go to work, but this proportion is not as high as in the case of lyceums. Graduates of vocational schools most often choose work rather than continuing their education.

6. Education versus job market. The analysis of school courses and a professional activity of school and university graduates

a) research target: the diagnosis of socio-economic situation of school graduates – inhabitants of the Zachodniopomorskie Voivodship, and in particular their situation on the job market;
b) surveyed population: a group of 617 graduates – inhabitants of the voivodship;
c) conclusions:
   - few respondents confirmed that the schools they attended organised any meetings with representatives of job market institutions or any employers;
   - nearly 60% of graduates without work said that they were not registered in the Work Centre;
   - half of the surveyed having work, found their job within 3 months after finishing school;
   - over half of the surveyed declare that they do not work in the profession they qualified for;
   - over 60% of the respondents said that the school they finished had given them good preparation for the current job;
   - most of those employed said that that their employer willingly employs and supports young workers;
   - over 80% of the respondents found the situation of graduates on the Polish job market rather negative. As for the situation of graduates on the job market in the Zachodniopomorskie Voivodship the number of pessimists was even higher;
   - over 80% of the surveyed considered leaving abroad to find a job. Nearly 40% of the respondents considered going abroad to continue their education;
   - the graduates show a big interest in starting their own business.

7. The efficiency of active forms of preventing and fighting unemployment in the Zachodniopomorskie Voivodship

a) research target: diagnosing the level of efficiency of the so called active forms of preventing unemployment offered by public employment institutions.

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b) surveyed population: 228 unemployed and employed people who have used the so called active forms of preventing unemployment for the last 6 months.
c) conclusions:
   – the most often used form of preventing unemployment by the surveyed were: job stints, trainings and preparations in work places, and then further courses;
   – the participants of the courses found them useful, the most useful being those on: support in running a business, refunds on transport costs and accommodation, and scholarships;
   – over half of the respondents thought that the courses on: support in running a business, refunds on transport costs and accommodation, scholarships, trainings, stints, and preparation for work were useful in finding a job;
   – the most often benefits mentioned by the respondents taking part in the active forms of preventing unemployment were: raising self-confidence and identifying one's own strengths, and learning job interview skills;
   – some room for improvement was still visible in the following courses: support in running a business, trainings, stints and preparation for work in a work place. It has been suggested that the formalities in starting a business should be reduced, some consulting in dealing with formalities and higher wages, more hours of training, giving more practical knowledge, enabling the stint people and those preparing for a job in a work place to get a full time job with the employer.

8. Evaluation of training offers on the job market in the Zachodniopomorskie Voivodship

a) research target: diagnosing and evaluating the range of trainings and courses offered by firms and institutions from professional training sector in the Zachodniopomorskie Voivodship.
b) surveyed population: 93 firms and training institutions, registered in the Training Institution Register.
c) conclusions:
   – the surveyed institutions inform about their offers most often using their own web sites or sending leaflets and brochures to selected firms and institutions;
   – the majority of the surveyed training centres cover the whole voivodship. There is no any visible concentration of training market, although most of the firms have their HQs in big cities (Koszalin, Szczecin);
   – the courses most often run by the surveyed are: language courses, IT courses, safety at work, elementary business matters, accountancy and office administration, management in broad sense, and driving courses;
   – the surveyed most often have clients from public administration and national defence, health and social insurance, trade and services firms, car and motorbike repairs, personal and household appliances, contracting and transport, storing and communications;
   – the surveyed Poviat Work Centres do not, on the whole, run any courses by themselves, and the Voluntary Work Centres (OHP) run courses mainly on active search for work, pedagogical courses, preparing for school exams, language courses, safety at work, IT, and driving courses, and also some branch courses on: building and interior finishing;

- the surveyed on the whole do not inform their clients about the possibility of obtaining funds for training from the European Structural Fund.

9. Employment migration abroad in 2007

a) research target: to differentiate the categories of causes and reasons for employment migration abroad, to diagnose the socio-professional background of the group and the analysis of the influence of this migration on the structure of the job market in the voivodship.
b) surveyed population: 600 respondents who were planning to go abroad to find a job in the next 6 months.
c) conclusions: comparing the results of this research with that from 2006, it can be said that the tendencies have not changes as for the causes and reasons for emigrating decisions. Most of the surveyed wanted to improve their financial situation by going abroad, investing the money earned in building a house or buying a flat, possibly renovating a currently owned one. There was a small rise in the group of those who wanted to invent the money earned abroad in starting or developing a business. There was also a slight increase in the group of young people and students, and the shortening of the declared time spent abroad, which was supposedly caused by the closeness of upcoming summer vacation and the number of students planning to go abroad to seasonal work. Still many people from building branch go abroad quite often.

10. Pro-investment and pro-development activities of local authorities

a) research target: the diagnosis of regions and categories of pro-development activities by local authorities of the voivodship, and in particular identifying and describing pro-investing projects undertaken by local authorities and analysing the influence of these projects on the local business environment and its surrounding.
b) surveyed population: 114 Commune Councils, including their presidents/village mayors and chairpersons of Commune Councils, and directors, governors of departments responsible for promotion and economic development of the offices.
c) conclusions:
   - the surveyed communes were very active with regard to the pro-investment activities. The investments were mainly in the development in the local infrastructure, like building a sewage system, roads, renovating different buildings, building sports facilities, or a water supply system,;
   - the main obstacle in the pro-development activities was the lack of funds, but also, according to local councillors, the internal factors like bureaucracy and rejecting applications;
   - the surveyed communes funded their investments from various sources. In the main, they funded them from Commune budgets (96%). The second commonest source of funding was funding from EU – 87% (mainly from the Integrated Regional Operational Programme IROP – [Polish ZPORR] and the SAPARD (Special Accession Programme for Agriculture and Rural Development). Also, quite often some National Budget resources were allocated to boost the local development projects (69%);
   - among the surveyed communes there was a visible pro-development and pro-investment approach. The investments to be realised in the future coved the areas and

projects which had been started five years earlier, i.e. sewage system, constructing and modernising roads, water pipe system, village common rooms;
- the interviews with the respondents suggest that the local communes were prepared for the investments. Nearly 70% declared that their commune had plans for local development. Among 31% of the communes which din not have such plans, some of the councillors claimed that such plans were being created.

11. Plans, educational and professional preferences of secondary students

a) research target: identifying plans for further education of secondary students and estimating to what extent they benefit from career consulting services.
b) surveyed population: 1236 students from 5 types of schools (general and profile lyceums, technical schools, secondary vocational schools and post-lyceum schools).
c) conclusions:
  - the desirable educational route is passed on from generation to generation;
  - the students would like to work in their place of living. If they had to work outside their home town, they would prefer to go abroad rather than somewhere in the country;
  - from the range of available stints, those carried out abroad were the most popular with students, then those in a work place;
  - the most popular method of looking for a job was an individual contact with an employer; this method was or would be chosen by nearly half of the students. Another mentioned method of seeking a job was through one's family or acquaintances;
  - career consulting and advice were rather unpopular and rarely used methods of seeking employment. The most popular in this group was the assistance offered by a school career officer.

12. Plans, educational and career preferences of high school students

a) research target: describing, learning and diagnosing plans and educational and career preferences of high school students, and also analysing the extent to which they use the career consulting services.
b) surveyed population: 63 randomly chosen educational institutions in which students were asked to fill in questionnaires, 800 students from last the last class of high school schools.
c) conclusions:
  - the most popular choice of a school among the surveyed students was lyceum;
  - 52,8% of the students wanted to continue their education in a humanities profile class;
  - big voivodship cities like Szczecin and Koszalin were most often mentioned as those where the students wanted to continue their education;
  - most of the students did not use career consulting and did not do any volunteer work;
  - the students were not interested in the job market;
  - they said that finding a job in their home place was difficult or very difficult;
  - Work Centres, both Poviat and Voivodship ones, were the places with most indications as for the places helping to find a job.
  - in their future job the students valued most: good salary, stability and appropriate conditions;
  - nearly half of them had precise plans for the future, most of them wanting to be programmers (10.2%), lawyers (10.2%), and doctors (7.5%);

- according to them good education and professional experience are the best features to find a good job;
- the best place to find a good job were ads in the Internet and personal visits to an employer;
- an overwhelming majority of high school students does not use any form of employment.

13. The analysis of entrepreneurs in Poviats

a) research target: describing, studying and diagnosing the needs and problems of employers functioning in the Zachodniopomorskie Voivodship job market, and in particular gathering information on employment plans, demand for workers in given professions, and social and personal factors influencing the employer's choice of their staff, estimating the state of firms operating in poviats of the voivodship, and evaluating the cooperation with the Job Market Institutions.
b) surveyed population: 5240 firms located in all poviats of the Zachodniopomorskie Voivodship.
c) conclusions: (considering the fact that the conclusions in this paper refer to situations in each poviat and are too detailed, the authors of this work decided not to present them).

14. The analysis of unemployment in the Poviats of the Zachodniopomorskie Voivodship

a) research target: the diagnosis of the socio-economic situation of unemployed people living in the voivodship, and in particular identifying socio-economic causes of being unemployed and the causes of professional passivity and the factors encouraging for finding a job.
b) surveyed population: 7350 unemployed people registered in the Poviat Work Centres;
c) conclusions: *(due to a significant volume of this part of the study, and the lack of general conclusions, they were formulated separately for each Poviat, presenting them here has been found unnecessary)*

15. The state and development forecasts for the 2nd half of 2007

a) research target: diagnosing the state of employment and formulating a medium-term forecast for the voivodship based on available data and defining possible changes and steps that might influence employment in a given area; defining potential relationships between industry-economic state of firms in Poland and that of the firms in the Zachodniopomorskie Voivodship.
b) surveyed population: 427 firms, from which 200 firms with up to 9 workers, 133 firms with 10 to 49 workers, and 45 firms with more than 49 workers, and 48 public institutions.
c) conclusions:
   - the opinions on the changes for the last 6 months in the voivodship were rather positive and moderate;
   - in 40% of the surveyed firms there was a rise in demand for their services, and only in 12% there was a fall in such demand. Due to positive atmosphere and good sales, the respondents looked with hopes into the future sales;
   - the impulse for growth of demand and supply in the voivodship was used only by every fifth firms (20%) because this number of firms said that they could boost sales and production without additional costs. The reset of the firms needed such costs.

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- the stability for economic growth can be guaranteed by the stability of employment. 80% of the surveyed firms had no staff rotation. This employment stability was also observed in public offices in the voivodship;
- the economic slowdown was mirrored in the increased caution in economic planning in the whole voivodship.

THE YEAR 2008

1. The condition and the forecast for economic development for the Zachodniopomorskie Voivodship in 2008

a) research target: the diagnosis of employments and formulating a medium-term forecast for the voivodship based on generally available publications and suggesting changes and actions for influencing employment situation in the surveyed area, and identifying possible relationships between the industry-economic condition of Polish firms and the condition of firms in the Zachodniopomorskie Voivodship.

b) surveyed population: 427 firms, from which 200 firms with up to 9 workers, 138 with 10 to 49 workers, and 46 firms with over 50 workers, and 43 public institutions.

c) conclusions:
   - the opinions on changes which happened in the last 6 months were rather moderate and negative;
   - 50% of the respondents said that the demand for their services stayed unchanged, and 30% that it fell. Only 13% of them said that they increased their production. In this context the respondents also estimated the future demand for their products or services;
   - every fourth firm could, at the moment of the survey, boost their production without additional costs. But only 14% of the surveyed had any investments, and only the fifth of them wanted to start investing in the course of the next 6 months. Additionally, most of the firms (81%) did not export their services and/or products, not taking advantage of close vicinity of the State border;
   - a positive fact noticed in the voivodship was stability of employment. In 86% of firms in the last 6 months there was no staff rotation;
   - considering secondary data, and surveying the investigated group suggested an economic slowdown in the voivodship. The opinions of the surveyed businesspeople seemed to be tinged with increasing fears and slight pessimism, which was caused mainly by the possibility of recession and a crisis.

2. Professional prospects for graduates of high schools, secondary schools and tertiary schools – 2008

a) research target: studying and diagnosing the situation of the job market for graduates of specified levels and types of schools by defining the graduate's career route and their adjustability on the job market considering the usefulness of the acquired skills and qualifications; and defining possibilities and requirements for further education or work search.

b) surveyed population: 2220 students

c) conclusions: *(considering the fact that the conclusions regarding this section refer to the situation in each Poviat, and are too detailed, the authors of this report decided not to present them at this point)*

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3. Plans and educational preferences of secondary school students (2008)

a) research target: explaining the phenomena and processes linked with plans and career preferences of the secondary school students.
b) surveyed population: 1181 secondary school students
c) conclusions:
   - the picture of plans and preferences of the surveyed youth generally did not change as compared to the previous year. They confirmed the present tendencies and types of preferences for further education and career development;
   - the type of secondary education determined the further career plans of students. The majority of general and profile lyceum school students wanted to enrol on full-time university courses, secondary technical students chose part-time studies and working at the same time, the rest of students declared the intentions of finding a job.
   - job expectations did not change either, as compared to the previous year. The students would like to work close to their place of living, and if this was not possible, they were ready to emigrate abroad rather than in other parts of Poland;
   - the plans for future education were made mainly on the basis of the students' own analysis of available information. The level of using career advice was very low. Only every eighth student admitted to using this type of advice.

4. Plans and educational preferences of high school students (2008)

a) research target: describing, studying and diagnosing plans and educational preferences of high school students, and analysing the level of their using career consulting and advice services.
b) surveyed population: 2100 high school leavers in 46 randomly chosen schools.
c) conclusions:
   - the students did not have yet clear plans for their career development. Those who were able to specify a profession or a job they liked constituted less than 40% of the surveyed. Their knowledge on the job market or possible employment was mainly secondary and did not come from their own experiences and reflections;
   - most of the surveyed had clear plans as to the type of secondary school they wanted to attend;
   - the decision on the choice of the next school was based on the possibilities of finding a job in the future and being able to pursue one's own interests;
   - on the whole the students did not use any career advice or consulting services, and did not participate in any form of volunteering.
   - the high school students did not have comprehensive knowledge of the methods of seeking employment; some of them would still turn to their head teacher or to the Voivodship Work Centre while seeking employment.

THE YEAR 2009

1. Employment migration abroad – 2009

a) research target: distinguishing the categories of causes and reasons for economic migration abroad, diagnosing the socio-professional structure of the migrating group, and the analysis of the influence of economic migration on the job market in the voivodship.
b) surveyed population – 800 respondents who were going to work abroad, who presently were abroad, and who worked and presently stayed in Poland.

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c) conclusions: comparing the results of this analysis and that from 2007, similar tendencies were observed with respect to reasons and causes of economic migration abroad. Most of the surveyed wanted to improve their financial situation, investing the earned money into buying or building a house, buying or renovating a flat. There was a rise in the group of those wanting to set up or develop a business after returning from abroad, The expected time of staying abroad was shorter than previously, which was supposedly partly caused by the unstable economic situation in the countries of destination.

2. The situation or entrepreneurs in the Poviats of the Zachodniopomorskie Voivodship – 2009

a) research target: description, studying and diagnosing the needs and problems encountered by entrepreneurs operating on the job market in the Zachodniopomorskie Voivodship.
b) surveyed population: 7609 businesses
c) conclusions: *(due to a significant volume of this part of the study, and the lack of general conclusions, they were formulated separately for each Poviat, presenting them here has been found unnecessary).*

3. The socio-professional situation of the unemployed in the Poviats of the Zachodniopomorskie Voivodship

a) research target: diagnosing the socio-economic situation of the unemployed in the Zachodniopomorskie Voivodship by identifying the socio-economic causes of being unemployed and the causes of professional passivity, and motivating factors for finding employment.
b) surveyed population: 7992 unemployed people in all Poviats of the voivodship.
c) conclusions: *(due to a significant volume of this part of the study, and the lack of general conclusions, they were formulated separately for each Poviat, presenting them here has been found unnecessary).*

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II. THE SUBREGION OF THE CITY OF SZCZECIN

Introduction

The development of entrepreneurship in the regions is one of the conditions necessary to increase the economic potential of each area. Thus, creating conditions for the development of competitiveness and entrepreneurship was considered a strategic objective for the development of the country. Entrepreneurship and the mobilization of investments is also one of the main objectives mentioned in the Development Strategy of the City of Szczecin. Among specific aims of this strategy are:

1. Increasing the competitiveness of the economy through:
   - finding significant investors;
   - an expanded system of links between science and business;
   - a highly qualified and rapidly deployable personnel;
   - a high degree of privatised economy;
2. Diversification of the economy of the city through the:
   - technologically advanced industry and developed services;
   - expanded SMEs;
   - modern maritime economy;
   - developed tourist services;
3. Urban transport system conducive to development through:
   - modernised, effective urban communication infrastructure (roads and streets and car parks);
   - modern reasonably developed ecological, collective transport system;
   - orderly transit traffic and dangerous cargoes.[3]

Territorial Division

The City of Szczecin is situated in the west part of the Zachodniopomorskie voivodship. It borders with the neighbouring Poviats: Goleniowski, Gryfiński, Policki and Stargardzki. In 2008 it covers the area of 301 km^2, which accounts for 1.3% of the area of the whole voivodship, and has the population of 406.9 thousand which is 24.0% of the total voivodship population. Szczecin is a Poviat's city, the capital and the largest city of the voivodship centralising adjacent communes and cities. It is also one of the largest cities in Poland and the part of the Union of Polish metropolises, which creates opportunities for rapid development, because in accordance with the Lisbon strategy, it is just in selected metropolitan centres where there is concentration of development activities, and the shaping of the fundamentals of economic competitiveness is to be made by accelerating the growth and development of these centres. Its convenient location and strong cultural and trade connections with Germany make it a very important point on the economic map of Poland and a key transit city. The proximity of Berlin, which is currently the most dynamically developing metropolis of Europe[4], is particularly important to the City of Szczecin.

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[3] *Development strategy developed by the City Council of Szczecin*. Szczecin, 2002.
[4] ibid.

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Extensive economy involving various industries makes the Szczecin a main economic region. The characteristic of the city is maritime, there is large sea port, strongly associated with nearby Świnoujście City, and a huge shipbuilding centre. The city is also a centre for tourism, as well as a scientific, academic and cultural centre of the area.

The City of Szczecin is an important communications node, owing to the position on the Trans-European North-South transport corridor. In the City meet many railway lines that make up the Szczeciński node. Air traffic is supported by the NSZZ "Solidarity" Szczecin-Goleniów international airport. The city also has a sea border crossing Szczecin-Port.[5]

Fig. 1. Administrative borders of the City of Szczecin
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect to all entrepreneurs taking part in the research. In the analysed population, the gender regression is slightly asymmetrical: 51.4% of men and 48.6% of women. The next variable was the age of the respondents and it was very even – the analysed population indicates the people aged 26-35 – 26.8% of the whole population, and the second group of respondents are people aged 36-45 (23.4%), and the next group: 46-65 – 27.7% of the respondents. With regard to the respondents' education, most of them had higher education – 53.1%, and secondary education – 38.0%. There are far fewer those with vocational education – 8.2%. The last variable is the job or post they hold. Thus there were 61.8% of firm owners, chief accountants and HR worker – 3.5% each and 23.7% of people responsible for talks in the company.

The socio-economic situation analysis

Macroeconomic indicators

Macroeconomic conditions of business development on a sub-region level can be measured by analyzing data on gross domestic product, or the structure of creating gross value added. Gross domestic product (GDP) depicts the final result of the activities of all stakeholders of the national economy. Its value in 2006 for the City of Szczecin amounted to PLN 15071 million and was higher than in 2004 r. by 16.4% (the average growth in the voivodship – 12.6%). GDP per capita amounted to PLN 36687, which accounted for up to 144.9% the size of this indicator for the voivodship (and 132.0% of the level of indicator for Poland). High and growing index of GDP per capita confirms the dynamic development of the sub-region economy.

[5] ibid.

Compared with 2004, in Szczecin the growth of gross added value was by 15.1% and it reflected the value of (goods and services) produced by market and non-market (minus the indirect costs for its production).The results of the *shift-share* analysis show the level of competitiveness of the sub-region in respect of towns in terms of creating a structure of gross added value by the section of Poland's Code for Activities (PKD) (assuming similar trends in this area). Results analysis confirms a different structure to create value added in the subregion and in voivodship and suggests that the growth of gross added value in the subregion depends on the status of its economic potential. The potential of the sub-region associated with the creation of gross added value is much higher in activities related to: trade and repairs, hotels and restaurants, transport, storage and communication, as well as in financial intermediation, servicing real estate and business and the remaining service activities. It appears that newly made value in subregion nearly in all (except pursuits) groups section PKD was higher than in 2004, and the trends are faster than in the voivodship. A favourable structure creating GAV businesses operating on the territory of the sub-region resulted in a positive shift for the voivodship resulting mainly from faster development activities related to building, financial intermediation, real estate and business and trade and repairs, hotels and restaurants, transport, storage and communication. The level of competitiveness of the area (KO) illustrating the differences between the growth rate in the subregion in comparison to the voivodship is high (a positive variable KO). Compared to the overall development level in the voivodship, the competitiveness of the City of Szczecin shows favourably – it is shown by a positive value of the general shift (PC), resulting from positive shifts in the surveyed groups of activity (except in agriculture, hunting, forestry and fishing).

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 the City of Szczecin population decreased by 1.2%. According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

In 2008 the average population density rate for the City of Szczecin was 1354 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it decreased by 15 persons.

Tab. 1. Some demographic features in the Poviat of the City of Szczecin in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	411900	409068	406941
Population density per 1 km^2	1369	1360	1354

Source: *Own analysis based on the data from the Central Statistical Office.*

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An especially important criterion describing a group is the population structure according to its biological age groups (0-14, 15-64, and 65-plus). This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 3.4 thousand, and its general ratio to the total population of the region fell from 13.4% to 12.7%. In the next age group, i.e. age 15-64, there was a fall in the absolute population from 297.9 thousand to 295.1 thousand but its share increased from 72.3% to 72.5%). The last age group population, i.e. age 65-plus increased by 2.0% and its share in the total population went up from 14.3% to 14.8%. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the City of Szczecin the percentage of people in the pre-productive age group was 15.9% (in the voivodship – 19.1%), in the productive age group – 66.3% (65.9% in the voivodship) and in the post-productive age group – 17.9% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the post-productive age group (by 1.3%) and a simultaneous decrease of pre-productive age group (by 1.0%), and the productive age group (by 0.2%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in the City of Szczecin 4000 new children were born, which accounted for a 19.8% increase to the year 2004. For each 1000 people in Świnoujście in 2008 there were 10.0 live births (10.8 in the voivodship) and only 8.3 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

In the years 2004-2008 in the City of Szczecin in question there was a significant increase of the death rate by 3.9%. For each 1000 inhabitants in 2008 there were 10.5 deaths (9.7 in the voivodship), and only 10.0 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Szczecin City for the period surpassed 50%.

The population growth, based on the number of live births and the number of deaths for the City of Szczecin in 2008 was negative (-204 people) and compared to that from 2004 (-704) had decreased. After conversion for each 1000 people, the growth ratio was on the level of -0.5 (1.1 in the voivodship), whereas in 2004 it had the value of -1.7.

Tab. 2. Natural migration of people in the Poviat of Szczecin City in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	8,3	8,5	10,0
Total death rate for 1000 people	10,0	10,2	10,5
Natural growth rate for 1000 people	-1,7	-1,7	-0,5

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will

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have a significant influence on the size and the structure of a population. In the City of Szczecin in 2008 the total migration rate was negative and amounted to -783 people, which was caused by the outflow of people to other Poviats in the voivodship or going abroad. For each 1000 people in the Poviat the migration rate was negative (-1.9 people), and was higher than in the voivodship (- 0.8 people).

The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures. These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Poviat of the City of Szczecin in 2007 there were 114.1 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 7.7%. In the analysed period there was a significantly bigger increase in the employment of men (by about 8.4%)

For each 1000 people in 2007 there were 280 people employed in the firms with nine and more workers, which ranked the Poviat on the 1-st place in the voivodship (with the average rate for the Zachodniopomorskie voivodship 193 employed in nine-plus firms for each 1000 people). The analysis of the employment rate shows its growth compared to 2004, which can suggest: firstly, the increased willingness on the part of local business to employ new workers, and secondly, a sustainable socio-economic development of the area.

Tab. 3. Workers and salary in the Poviat of the City of Szczecin in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	105885	112590	114087	107,7
men	52563	56027	56980	108,4
women	53322	56563	57107	107,1
Workers together with individual agriculture	107202	113907	115404	107,7
in% of the agricultural sector	1,0	0,9	0,9	93,9
industrial	26,3	26,0	25,6	97,5
services	72,7	73,1	73,5	101,0
Average monthly gross salary of PLN	2476,19	2734,68	2975,73	120,2

Source: *Own analysis based on the data from the Central Statistical Office.*

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The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Poviat of the City of Szczecin in 2007 the number of people employed was 115.4 thousand. The employment structure by economic sectors shows that only 0.9% of the employed worked in agriculture (due to a municipal character of the poviat), 25.6% in industry and 73.5% in services. Since 2004 the employment in services sector slightly increased, and it did so at the expense of the industry (a smaller drop) and in the agriculture (a bigger drop).

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate in Szczecin City was PLN 2975.73 and it was more than in 2004 by about 20.2% (in the voivodship: 17.7%). The average pay rate in the Poviat was higher than the average in the voivodship (by about PLN 360.00). With respect to the pay rate, the Poviat was on the 2-nd place (after the Poviat of Policki).

In the Poviat of the City of Szczecin, due to its municipal character and better job availability, the unemployment problem on the job market is a bit less pressing social and economic issue than in other poviats of earthly. In 2008 there were 7394 people unemployed (in which women made 54.6%). Since the beginning of the analysed period the number of unemployed dropped by 73.2% (only 54.8% in the voivodship), but the drop was slightly higher for men.

The registered unemployment rate in the Poviat in 2008 was 4.2% (with the average for the voivodship 13.4%) and was the lowest in the Zachodniopomorskie voivodship. By comparison to 2004 it was on the decrease.

What is a bit worrying is the fact that since the beginning of the analysed period there was a the highest share of the unemployed not entitled to state welfare money in the voivodship. It is true that since 2004 there was a slight decrease of this group (by 6.6%, In the voivodship by 5.0%), but the size of this group with relation to all unemployed is still worryingly big – in 2008 it was 85.7% (79.2% in the voivodship).

In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 7.0%), and a slight rise of the 25-34 age group, but a fall in all other age groups (the biggest in the 45-54 age group). There were also more unemployed people with university education (by 11.2%), and general secondary education, post-secondary and secondary vocational education, and a drop in the groups with gymnasium education and primary education, as well as vocational education.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and the job postings made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in the Poviat of the City of Szczecin were only found in such big professional groups as: vocational teachers and instructors, money market and customer service, office workers, supportive workers in trade and services, drivers and operators of vehicles and self-contained machinery, miners and contractors, auxiliary staff in mining, industry, building and shop assistance. There was a balance in the case of the following groups: personal

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services and security workers, metal processing workers and machinery mechanics. The highest surplus was in such groups as: auxiliary workers in agriculture, executives of small and medium-sized factories, farmers, gardeners, foresters and market oriented fishermen. In comparison to 2004 the average surplus intensity rate slightly increased (up to the level 0.57), which means a small improvement for the unemployed on the job market.

Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In the City of Szczecin in 2008 in the REGON register there were 64.1 thousand firms and businesses which accounted for 30.1% of all businesses in the voivodship. Compared to 2004 the number in the region increased only by 0.7% with 5.5% in the voivodship. From among all businesses operating in the area in 2008 over 97% came from the private sector.

Considering the competitiveness of the City of Szczecin with regard to the business saturation, it ranks on the 4-th place in the voivodship. On average, the Poviat has 157.5 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Szczecin is a well developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Poviat of Szczecin in 2004, 2006 and 2008

SPECIFICATION		2004	2006	2008
All economic subjects		63641	64593	64098
for 1000 people		154,5	157,9	157,5
by economic sectors in %	agriculture	0,7	0,7	0,7
	industry	19,0	19,4	20,0
	services	80,3	79,9	79,3

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 96% of all businesses operating in the Poviat. Small businesses employing from 10 to 49 workers made up 3.0%, and medium businesses 0.6%, and big ones 0.1% of the share. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro and big businesses in the Poviat increased, and those of small and medium size businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat of Szczecin was represented by natural persons running their own businesses (73.6%), with the next place going to trade companies with 9.5%, associations and social organisations with 1.5%, co-operatives with 0.4%, and foundations with 0.2%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the

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region's level of economic stability. In 2008 there were 148.9 trading companies for 10000 people in the Poviat giving it the 1-st place in the voivodship. Compared to 2004, the number increased by 22.3%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 1.9 thousand such companies in the region, which, when set against 10000 people, gave 45.5 units. Companies with foreign capital accounted for 30.5% of all trading companies in the Poviat, and their number compared to 2004 increased by 21.6%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the City of Szczecin the firms from the service sector were the most numerous. With the number of 50.8 thousand they accounted for 79.3% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 70.9% of all businesses in the Poviat, and non-market services by 8.4% of firms. The percentage of firms from the industrial sector was almost 20%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails on average more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.5 thousand, which was only 0.7% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that over 60% of the firms in the region in 2008 came from three sectors: trading and repairing, services for housing and firms, and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[6] In 2008 in the City of Szczecin REGON register 5.3 thousand new firms were registered, which gave 13.0 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: services for housing and firms 22.5%, trade and repairing sector 20.0%, building 15.8%, which is recently a generally observed tendency in the whole country.

In 2008 in the City of Szczecin 5.3 thousand firms were crossed out from the register. For 1000 people it gave 13.1 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, services for housing and firms, and building. However, on the whole, it should be noticed that more firms were registered than checked out.

[6] *The Report on the condition of small and medium firms in Poland in 2006-2007*. Prepared by Polish Business Development Agency, Warsaw 2007.

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Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Szczecin in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	4177	5067	5277
for 1000 people	10,1	12,4	13,0
All checked out firms	3606	5445	5336
for 1000 people	8,8	13,3	13,1

Source: *Own analysis based on the data from the Central Statistical Office.*

Using the shift-share analysis, the level of competitiveness of the Poviat of Szczecin can be assessed. The level is referenced to the Zachodniopomorskie voivodship with respect to the number of national economy subjects according to the PKD classification code. Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). The negative value of KO indicator (competitiveness of the area) shows a low competitiveness of the poviat. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the City of Szczecin in 2007 it was worth PLN 4711.1 million and it was 20.7% of the total production sold in the voivodship. Compared to 2004 there was an decrease in the production sold in the Poviat by PLN 1377.7 million, and thereby the Poviat's contribution to the production sold in the voivodship decreased.

The industrial production sold for one person in the Poviat was in 2007 PLN 11530.00 (with the average for the voivodship PLN 13447.00). That gave the Poviat the 6-th place in the Zachodniopomorskie voivodship (after the Poviats: Goleniowski, Policki, Szczecinecki, the City of Koszalin and Myśliborski).

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 persons in the City of Szczecin in 2007 amounted to PLN 1234.7 million and were higher than those incurred in 2004 by about 59.0%.

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Tab. 6. Investment and gross fixed assets in the Poviat of the City of Szczecin in 2004, 2006, 2007

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	776,6	1296,8	1234,7	159,0
in % agricultural sector:	0,1	0,1	0,1	100,0
industrial	34,2	45,4	42,1	123,1
market services	54,9	50,4	52,6	95,8
non-market services	10,8	4,1	5,2	48,1
per capita in PLN	1879	3157	3022	160,8
The gross value of the asset in million PLN	14468,3	14812,5	15650,6	108,2
in % agricultural sector:	0,2	0,1	0,1	50,0
industrial	31,4	32,5	35,3	112,4
market services	64,7	63,1	60,1	92,9
non-market services	3,7	4,3	4,5	121,6
Per capita in PLN	35126	36210	38377	109,3

Source: *Own analysis based on the data from the Central Statistical Office.*

The highest expenditures were incurred in services (primarily in the market services), then in the industrial sector and agricultural sector. Since 2004 the expenditure incurred in services decreased, while in the industrial sector increased and in agriculture stayed unchanged. The volume of investments per capita equals to PLN 3022, and was higher than the average in the voivodship and put Szczecin on the 4-th place among other Poviats of the Zachodniopomorskie voivodship.

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the Poviat was PLN 15650.6 million (the highest in the voivodship) and was higher than in 2004 by 8.2%. The highest gross fixed assets were recorded in the services sector (mainly in market services), then in industrial and agriculture sectors. According to the gross worth of fixed assets per capita in 2007, the City of Szczecin was on the 4-th place in the voivodship.

The budgets of territorial administrative units.

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units.

In 2008, the City of Szczecin received for the execution of its tasks, 1282.4 million PLN (about 60.1% more than at the beginning of the investigation period). It was PLN 3148.85 per capita – which was the 2-nd place in the voivodship (after the City of Świnoujście).

The expenditure of the poviat amounted to PLN 1266.0 million, from which 20.1% were fixed assets investments. The dynamics of the revenue growth in the poviat (compared to 2004) was higher than of the expenditure. The level of expenditure per capita put the poviat on 3-rd place in the voivodship (after Świnoujście and Koszalin cities).

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Tab. 7. Revenue and expenditure of the Poviat of the City of Szczecin budget in 2004, 2006 and 2008 in PLN

SPECIFICATION	2004	2006	2008	2004=100
Poviat budget revenue	801016509,00	1047982359,55	1282402510,28	160,1
per capita	1938,13	2551,02	3148,85	162,5
Poviat budget expenditure	814677365,00	994810714,06	1265950058,89	155,4
per capita	1971,18	2421,59	3108,46	157,7

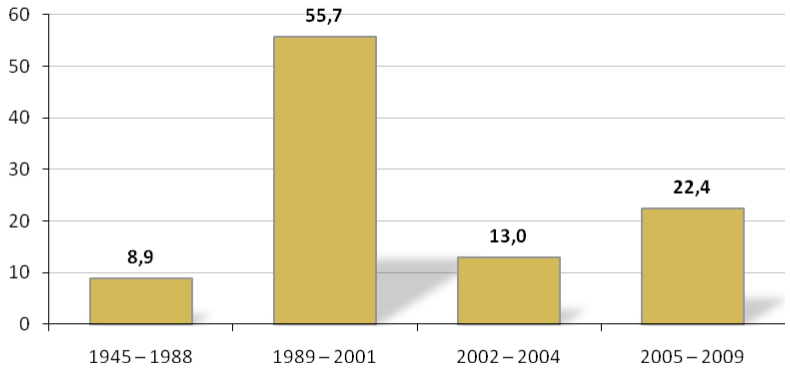
Source: *Own analysis based on the data from the Central Statistical Office.*

Own research results

Entrepreneurs and their companies – characteristics of the business

Watching the state of economic activity of the companies in the poviat, one can clearly observe the years of bigger and smaller dynamism in it. The number of registered traders were especially big in years 1989-2001, when 55.7% of new enterprises entered the market (fig. 2). In subsequent years, the number of firms, which were created, rapidly fell. Presented data are companies which still operate on the market, and do not show absolute increment in the number of companies – evidently at the same time a number of companies closed down. In principle it should be noted that companies existing in the Poviat are mainly those which have already had some business experience and they have been operating for more than 8 years – also in the time of slump.

Fig. 2. The year of founding a company



Source: *Own research.*

The next variable describing the surveyed group is the size of companies. With regard to this criterion, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 79.7% of all companies investigated, then come small companies – 13.9% and the medium – 3.9%. Large companies (over 250 employees) were represented only by 2.6%.

Next, regarding the type of activities, single enterprises prevail – 69.3%, and the remaining 30.0% goes to co-partnership companies (of which 17.1% were limited liability partnerships, 7.7% civil associations, 3.5% particular partnerships, 2.1% public companies.

There were also individual forms such as; cooperative, relationship of associations, communal company.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies from services market. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of Szczecin are as follows:

- service sector – 29.7%
- commercial sector – 25.3%
- construction sector – 11.3%
- industrial processing sector – 8.1%
- transport storing and communication – 6.8%
- real estate sector, renting and business services – 5.1%
- financial intermediation – 4.1%
- hotels and restaurants sector – 2.2%
- educational sector – 2.2%
- producing and sending electricity and gas energy – 1.7%
- protection of health and social welfare sector – 1.7%
- agriculture, hunting and forestry sectors – 0.9%
- public administration and national defence – 0.7%
- mining sector – 0.3%

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows that: 34.0% of companies hire people with higher education, 32.0% with secondary education, and 17.8% with vocational education. In addition, 4.5% of enterprises employ persons with gymnasium education; 5.8% of them those with primary education, and 4.5% without any education. Adding up the numbers of the employed without education higher then gymnasium, we learn that in the poviat there are over 14.8% of companies with workers having no learned professional qualifications.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Szczecin in 2008 in the case of 13.7% of companies the employment declined, and increased in 10.0% but in 76.3% of the surveyed companies there was no personnel traffic.

The main causes of the reduction in the number of workers, if any took place, were:

- the issues of external problem with
  - selling products and services – 40.5%,
  - economic crisis – 3.2%

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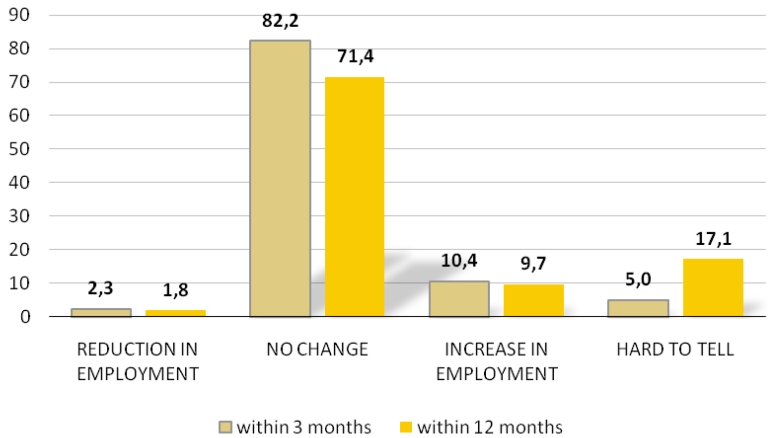
    o seasonal work – 2.4%
- internal issues:
    o dismissing employees on their own request – 19.8%
    o retiring – 7.9%
    o unprofitability of the production and sales – 7.1%
    o the lack of workers' diligence – 7.1%
    o cuts on costs – 2.4%
    o end of job contract – 2.4%
    o high cost of employment – 7.7%

In turn, the increase of employment in the company was due to the increasing demand for the products or services – 43.6% or the extension of the scope of their activities – 43.6%.

These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, in addition, in the Poviat we can see natural factors explaining personnel traffic in companies (retirement, leaving at one's own request). It is worth stressing that large personnel fluctuation is not a favourable factor to business efficiency and indeed has negative consequences for companies.

The declarative dynamism in employment within the next three months, and the nearest year is relatively satisfactory. Only a negligible proportion of respondents (2.3% and 1.8%) promise to reduce the level of employment. Some changes were noticed in respondents' answers referring to keeping employment on the same level: in respect of 3 months it is 82.2%, in respect of 12 months – 71.4%. The forecast for the growth in employment is as follows: in the context of 3 coming months 10.4% of the respondents estimated an increase in the levels of employment, in regard to subsequent 12 months the number of indications decreased to 9.7%. 5,0% of the tested cannot predict employment dynamics for three months and 17.1% for the next 12 months (fig. 3).

Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates. Most companies anticipating reduction in employment were in sections: D – industrial processing, F – Building, G – wholesale and retail

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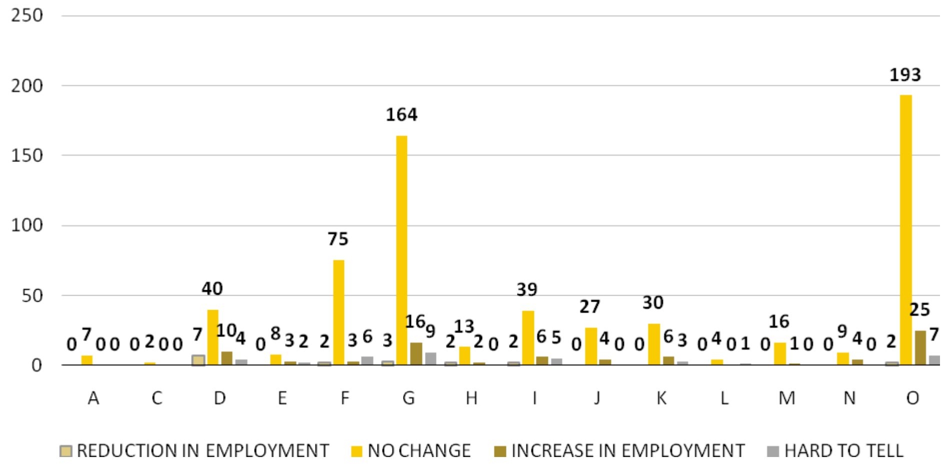
trade; repair of vehicles, motorcycles and personal and household goods, H – Hotels and restaurants, I – Transport, storing and communication, and O – public, social and individual services and others. A waiting attitude is dominant among the respondents, which manifests in their hopes for no change in employment. However, employment optimists seem to outnumber pessimists. The most numerous firms expecting growth in employment come from sections: O – public, social and individual services and others, I – Transport, storing and communication, K – Real estate, renting and business services, J – Financial intermediation, F – Building, E – manufacture and distribution of electricity, gas, and water and H – Hotels and restaurants.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the City of Szczecin the biggest need for specific professions is what follows: unskilled workers, industrial labourers and craftsmen, and also office workers, machinery operators and assemblers, technicians and middle level personnel. And a smaller need (under 5%): natural sciences and health services, business specialists, higher office workers and managers, natural sciences, mathematics and technical sciences specialists and lawyers.

The regression of indications for particular types of education required from potential workers is what follows: higher education, in the field of the company's profile – 17.4%, the previous experience in the profession – 17.4%, primary vocational education compatible with the company's profile – 15.2%, the required workers should have special courses preparing for the job – 14.4%, technical secondary education in accordance with the job's profile, administration education, and a formally confirmed knowledge of a foreign language – 3.0% each. Other types of competence were mentioned by individual respondents. The mentioned above formally confirmed qualifications and skills are not disjoint qualities.

Seeking new employees may be done internally (the so-called internal recruitment), and by external recruitment (seeking employees on an external labour market). With regard to the Poviat of the City of Szczecin the analysis refers to the external recruitment process. The companies looking for employees declare the application of the following recruitment strategies.

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There were 12.7% of answers that the entrepreneurs use advertisements in the press, in 12.6% of cases that they were recommended by others and 12.0% of answers that persons interested in obtaining work applied for it in person, 10.1% of the firms seek workers with the assistance of UP (the Work Centre) or use advertisements in the Internet. The remaining 41% declared that they did not seek employees at all.

The company's development potential – the company's remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this, the so called sensitive variable, is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. With regard to the Poviat of Szczecin over 25% of respondents refused to answer. The response shows that wages in the course of the past and the present year have gained the following level of dynamism. In 2008 in 21.8% of cases salaries increased, but in 2009 it was so only in 6.4% of cases. The fact worth emphasising is the declaration to leave salary levels unchanged; in 2008 46.5% of the companies froze salaries, but with regard to the 2009 60.8% declare to do so.

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	21,8	6,4
Were reduced	7,3	5,5
Unchanged	46,5	60,8
Refusal to answer	24,4	27,3

Source: *Own research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human resources management. It is of course a cost-generating item, but in the long term enhances business. In the Poviat of Szczecin the number of companies using courses is 27.6%. The companies using such courses send their workers mainly to courses in the following fields: courses for machinery operators, Safety at Workplace (bhp), sales and customer services, finances, accountancy, marketing, and other special and branch courses covering: building, cosmetic, taxes, product oriented, welding, transport, geodesy, on hydraulic equipment, etc.

The above list of trainings shows that companies send their worker to them in order to secure themselves, but they also equip their workers with expertise, from which they will be able to benefit in their future career. Interestingly, the wide range of subjects covered in the courses suggests high awareness of the need to improve qualifications in workers – most respondents seem to be aware of the importance of this process.

Today, in the time of technology development, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. The technologies used in enterprises determine the potential of the companies of the Poviat of Szczecin as follows: 30.9% of companies use modern technological lines

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purchased in 2008/2009, 33.9% within the last five years, in 11.0% of companies use technological lines purchased before 2004.

In terms of modernity of machinery in the firm, the data are as follows:

- machines and modern devices – purchased in 2008/2009 – 29.7% of companies,
- machinery and equipment used from 3 to 6 years – 38.1% of companies,
- machinery and equipment used from 7 to 10 years – 11.5% of companies,
- machinery and equipment used for over ten years – 5.0% of companies.

The data above seem to suggest that the technological potential of the companies in the municipal poviat of Szczecin is relatively good. Moreover, the data gives a picture of companies which try to keep up with market requirements, adjusting their solutions and machinery to new demands. However, strangely enough, 24.3% of the respondents were not able to determine the technology applied in the company, and 16.2% of respondents could not specify the technological state of the machinery used in their company. This might suggest that they did not want to admit to using in their companies outdated and old solutions which are generally disapproved of. This group cannot be firmly associated with the companies using the machinery and equipment older than 10 years. However, it can be assumed that a significant proportion of them are just such companies.

B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the City of Szczecin the choice of location for their activity was determined by:

- the residence of the owner – 40.6%
- the opinion that the City of Szczecin is a good location – 22.2%
- the availability of labour – 9.0%
- the availability of markets – 13.0%
- the availability of supply – 5,2%
- the matter of chance – 2.6%

The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market.

The presented data show that companies in the municipal poviat of Szczecin seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality – the strategy for building a quality advantage (fig. 5). The presented data show a big dispersion as for choosing

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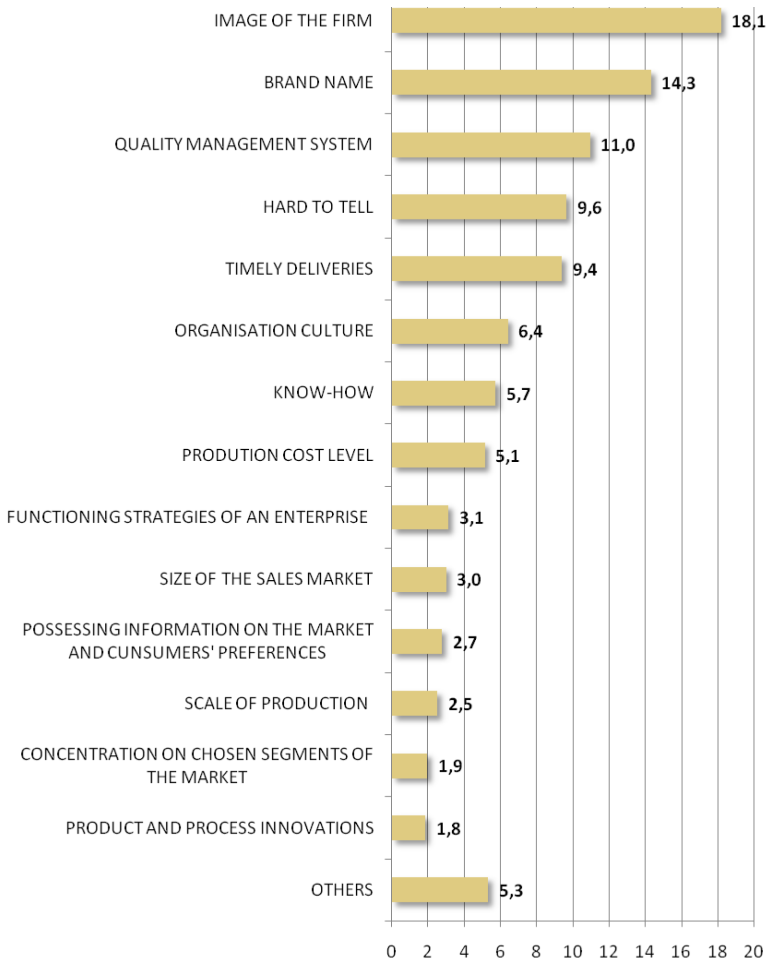
particular categories, which may suggest a very individual perception of one's own competitiveness. Operating in the same area (city borders) does not seem to lead to building a common competitiveness platform. However, it is worth mentioning that relatively a large group of the respondents – 9.6% was unable to determine what the main factors to gain competitive advantage were.

Most of the surveyed companies estimate their level of competitiveness as that of a local scale – 56.1%. In the opinion of the respondents there are 18.7% of companies with competitiveness on the voivodship level, 11.9% on a national scale, and 6.1% on the European Union scale. The remaining 2.8% think that they are not competitive at all.

According to the respondents their main competitors are other local firms – 86.1% of indications, companies from Western Europe are seen as potential competitors by 3.6% of surveyed, national firms – in 1.2% of the cases, non-European countries 8.5%.

Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in

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relation to businesses. 15.2% of the surveyed companies declare that they encounter no problems in activities; however, the remaining 84.8% of the respondents are experiencing crisis or inconvenient situations.

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- heavy bureaucracy – 13.0%
- inadequate domestic demand – 12.5%
- strong domestic and foreign competition – 12.1%
- uncertainty of the overall economic situation – 12.0%
- high load on the State budget – 8.1%;
- no concept of development for cities/municipalities – 5.0%
- unclear and inconsistent legislation – 4.9%
- insufficient foreign market demand – 3.0%
- a poorly developed technical infrastructure – 2.9%
- the development of 'grey market' – 1.0%

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications)

- the lack of qualified workers – 2.6%
- difficulties in accessing funds necessary to operate – 2.3%

The biggest difficulty for the surveyed businesses is learning to function in a free market economy, where experiencing strong competition mechanisms is a norm, and the inherent pressure and constant risks are unavoidable. Interestingly enough the surveyed expressed the opinion that they experience a lot of difficulties in their business caused by public institutions – in particularly such as: heavy bureaucracy and high taxation. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, frequent problems, generated by the State and its institutions.

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. In the Poviat, the main policies in these situations are: reducing investment expenditure – 23.3%, reducing the level of employment – 8.6%; the re-organisation of the establishment 5.8%; or in general cessation of investment – 5.4%, the reduction in wages 4.6%.

This means that to a great extent, the reaction to crises is restricting any aspect of activity, which is a passive strategy. The only active method, mentioned by the surveyed, to deal with a crisis was insuring investments – 1.7%.

It is worth recommending to take active strategies which to some extent secure against the consequences of a volatile environment. Evidently the worst tactics is to take no concrete action in the face of a crisis, which was done by 34.0% of the respondents. Additionally, 11.1% could not at all define any ways of dealing with a crisis. This means that 45.1% of the surveyed apply a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the diagnosis of the firm's situation on a local market. And so, 41.5% of the

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surveyed conclude that the situation of the company during the last 6 months has not changed, 15.0% say that it has clearly improved, but the opposite opinion was voiced by 40.1% of the surveyed, and 3.4% couldn't answer this question. It is clear that the assessment of the socio-economic conditions depends on one's own subjective business experience, gained in the market.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for the item and service – 64.0%
- increase in prices of materials and raw materials – 9.9%
- increase in fuel prices and energy – 5.3%

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 63.4%
- finding investors – 6.7%
- prices of materials and raw materials – 3.0%
- prices of fuel and energy – 3.0%

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

The assessment of functioning of a business is determined to a great extent by the condition of the environment in which it operates. Thus, another important issue is to examine the surveyed in the context of economic situation in the voivodship. In this respect there are more pessimists 57.1% claiming that for the last 6 months the situation deteriorated, with a small group of optimists 4.0% claiming some improvement. At the same time, a big group 33.5% claim that in the last 6 months economic situation did not change. Such a large share of those negatively assessing the previous year, suggests that apparently the companies from the Poviat very quickly felt the sharp economic slowdown that occurred in 2008. Undoubtedly, this suggests close links with the world economy, even if these are only indirect relationships.

Forecasts for the next 6 months are more optimistic. According to the biggest group 46.8%, the situation in the voivodship will not change. The number of pessimists expecting deterioration fell, as compared to the previous period – only 21.4%. And that of optimists rose to 13.8%, and 18.8% still could not answer this question.

The next variable on which the market dimension of business development should be described is the dynamism in the demand for services/products. An attempt to observe changes in this area includes a comparison of the data in relation to the period last year. And so 16.2% of the surveyed anticipate increase in demand, 42.6% – expects its fall, and 35.7% believes it will remain on the same level. The remaining 5.5% of respondents did not know how to estimate the changes in the context of the past year.

The surveyed forecast also changes in the demand for services and products in the context of the same period next year. The obtained data of this indicator show a clear change of situation, the percentage of those who predict growing trends in demand – 29.9%, and a shrinking group of those anticipating a fall in demand – 11.5%. A relatively big group, 36.2%

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(similarly like in the previous period) believe that demand will stay unchanged. Also, the number of those who could not estimate the changes grew (from 5.5% previously to 22.6% in respect to the future period), which clearly suggest that the situation on the market is so dynamic that it is not possible to predict any changes.

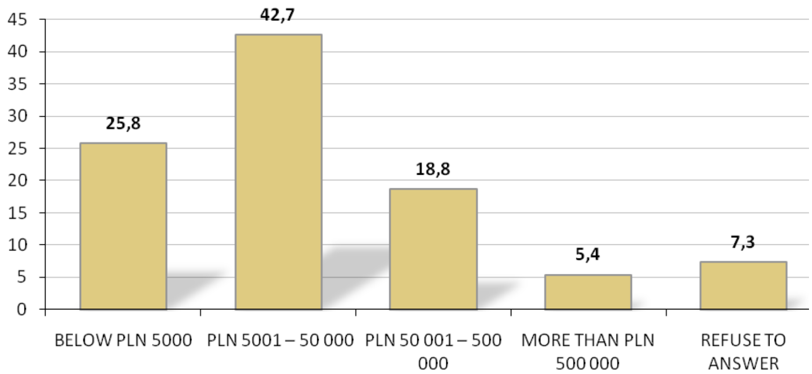
One of the major factors determining the development potential of companies is the level of investment. It is obvious that in order to strengthen the position on the market, and not to be outstripped by competition, a company must take pro-developed actions, one of these types of actions are investment projects. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and to the local or regional development. The benefits of adequately realised investments are obvious and usually mean strengthening the position of the company on the market. No investment always results in the stagnation and disappearing from the market.

The primary (though not the only) way to invest is increasing the resources of tangible fixed assets of the company. In this regard the companies of the Poviat of the City of Szczecin present adversely, because in 45.0% of the surveyed companies investment expenses did not exist, but the companies of the Poviat of Szczecin which do invest usually choose the following goods – ranked by the multiplicity of indications:

- equipment (furniture, appliances) – 28.6%
- buildings, land – 13.5%
- vehicles – 12.8%

The value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). 25.8% pointed out that the expenses incurred were in the bracket to PLN 5000, but 42.7% spent sums from PLN 5 000 to PLN 50 000, and from PLN 50 000 to PLN 500 000 – 18.8%, and over PLN 500 000 – 5.4%. Without doubt, this suggests a small scale of their operations and the lack of resources for company development.

Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

The respondents also forecast possible investments in the course of the next six months. The resulting data are worrying. Up to 48.5% of the surveyed companies do not plan over the next six months of 2009 to have expenditure for the purchase, lease, lease either for

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refurbishment of vehicles, equipment or property. 29.8% do have such an intention, and 21.7% cannot answer this question. If the respondents are aware of the importance of investment, there is a serious risk that no effort of this type will result in stopping the growth of existing fixed assets of the company.

On the basis of subjective experience respondents also made a forecast for the situation regarding their own company for the next 3 years:

- the situation of the company will be similar to the present 28.3%
- it will be better than today 27.3%
- the company will fail in liquidation 5.6%
- the company will be worse than at present 2.2%
- it's hard to tell 36.6%

A worrying signal from the analysis of the compiled data is that a significant number of companies (36.6%), which are not in a position to evaluate prospects for development in relation to the relatively near future. Therefore, their self-awareness as well as position on the market and the very existence might become questionable.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel.

Partnerships and networking economic links between enterprises can be included to external growth strategy, and as regards its duration and the dimensions, it can be short or long-term cooperation and may be more or less developed.

In this regard the Poviat of Szczecin compares rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. The overwhelming majority – 67.0% of the surveyed companies do not co-operate with other entities. In respect of the remaining companies that undertake to cooperate with other firms, they do it with: companies operating in the region (9.7%), consultancy companies (3.7%), educational institutions – (3.0%), non-governmental organizations (2.8%), self-governing units (2.6%).

Another important issue is applying by entrepreneurs different forms of cooperation with companies in the region. The vast number of indications from the 10.4% of those cooperating with others do it in the forms of: subcontracting, partnership, joint venture and exchange of goods.

The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to the low use of support from public institutions. The vast majority – 87.1% of the respondents declare that they do not use any available forms of support, the remaining companies benefited from: the increase of employment in the company (3.6%), trainings and courses for employees (1.9%), from funding for setting up a business (1.3%), funding the ZUS contribution (1.0%).

The above date are for the last 3 years, so they show a negative picture. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or

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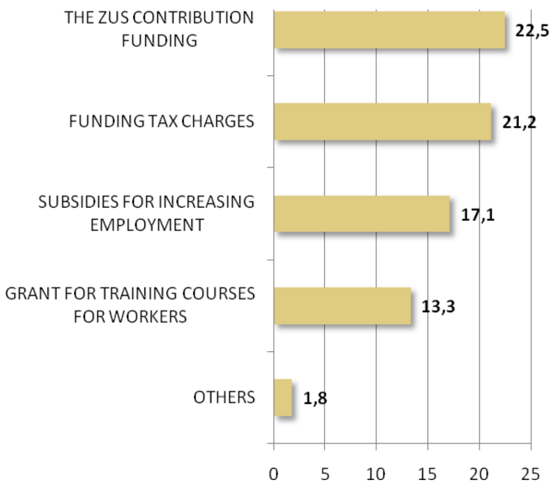
rather the very limited availability of support from public funds. To expand this issue the respondents were asked, what form of support from local authorities would positively affect the activities of enterprises, but 24.2% of the surveyed did not give an answer to this question. While among the respondents who made a choice for the preferred forms of support, the most important are the following: funding the ZUS contribution (22.5%), funding tax charges (21.2%), subsidies to increase employment (17.1%) and grants for training courses for workers (13.3%).

Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

The extent of economic exchange

The economic exchange in the EU takes place on a common internal market, which, firstly, covers the entire EU territory and, secondly, is based on the principle of the four freedoms: the movement of goods, persons, services and capital. You can therefore conclude that analyzed districts participate in this area on the principles of free competition.

Economic exchange conducted by members of the trade in the discussed Poviat is limited spacewise – 79.4% of the surveyed companies did not have any international exchange experience, 10.7% of them had some goods or services export experience, 4.4% of them had goods or services import experience, and 5.5% export-import of goods or services. If the companies do export their products, they sent them mainly to: Germany (30.4%) or generally to EU (23.2%), France (11.2%), the UK and Italy (10.1% each). As for cooperation destinations there are countries of the far East or the whole world.

The forecasts for export volumes in the context of the next six months are as follows: by 28.2% of the surveyed – the export level will increase during this period, while the opposite view is held by 10.5% of the surveyed. A large group of respondents (37.9%) think that exports will remain unchanged and 23.4% cannot predict the trends in export.

Innovation in enterprises

As already mentioned the competitiveness of enterprises is determined by many factors of the external and internal nature. The first group of factors includes such as: State policy and the condition of the available infrastructure, to other group includes the internal factors, e.g.: the

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type of management, held capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is exceptionally merit-type of a factor for development, since it determines not only the pace and directions for economic development on an individual scale, but on a local, a regional and an international scales as well.

The innovation rate in business in the area of the Poviat of Szczecin is low, because only 13.8% of companies declare that in the period of 2007-2009 they have applied some innovations, the remaining 86.2% did not take any innovative actions. In respect of the companies which applied some form of innovation, the source of their innovation was: purchase technology, purchase of licenses and introducing innovation by partner/ co-owner.

The surveyed also defined the barriers in implementing innovations. The main reason for applying innovation on such a small scale is the inability to finance innovative businesses – 26.5% of answers, too large risks associated with the implementation of innovation – 12.4%, and next the lack of potential interest in new products/services from client – 10.1%. Unfortunately, up to 44.4% of the surveyed were unable to diagnose the reasons for which innovation was hampered or impossible.

Activating entrepreneurs of the Poviat in question has more chances of success, in the context of co-operation with other entities for taking innovative actions. Noticeably, the pace of growth of innovation and new technologies in an enterprise and a region are determined, among others, by the volume of institutional funding on research, development and innovation.

In this regard, over half of the surveyed – 55.5% do not have any expectations and 23.4% cannot answer this question. And therefore 78.9% of all respondents of the Poviat of Koszalin have no basic knowledge on the role of cooperation with other entities in the field of innovation. Other answers prioritized their expectation as to simplifications in making contacts and developing cooperation as follows: 8.9% for the creation of programmes to promote technological development at the level of municipalities, 3.5% the need for building institutional infrastructure for intermediation and transfer of technologies. Considering that only small number of respondents answered the question the knowledge in this area seems to be much to low, and underestimating innovation appears to be caused by the delays in economic development of the poviat in question.

As for the use of modern multimedia tools, the companies operating in Szczecin show favourably, 88.9% are using modern IT systems like the Internet. The firms form this group of respondents possess their own web sites, and e-mail accounts. Only 11.1% of the surveyed so far have not used multimedia tools like the Internet.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The emerging picture is somewhat alarming. 84.6% of the surveyed companies in the Poviat of Szczecin have never been using EU structural funds. The remaining 12.3% have used them mainly for: the development of technical infrastructure – 4.6%, to increase their employment – 2.3%.

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The presented level of the use of funds in 44.7% of cases stems from the lack of interest in this type of support. Interestingly enough, more than half of respondents 44.3% do not want to benefit from EU structural funds. The entrepreneurs who did use EU grants defined the barriers limiting their effective gaining the resources (the following factors are organized by declining importance):

- bureaucracy and ambiguity of EU request forms – 26.4%
- limited access to information about programs – 12.4%,
- short term preparation – 9.2%,
- the necessity of own contribution – 9.2%,
- costs of preparing the application – 7.8%

As shown above, the previous experience of the entrepreneurs in the Poviat of Szczecin with applying and using EU structural funds is not very positive. A significant proportion of the companies, indeed, have no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the sub-region of the City of Szczecin and the level of entrepreneurship of its businesses indicate its dominance in the Zachodniopomorskie Voivodship, as well as the fact that it did not reach the level of economic development that responds to its full potential. A positive phenomenon is the upward trend of gross domestic product (and its higher level per capita than the average in Poland) and gross added value. *Shift-share* analysis results confirmed that set against the overall level of development in the voivodship, the competitiveness of Szczecin shows favourably, although it has a slightly different structure of creating gross value added in comparison with the voivodship.

Desk research analysis allowed underlining these areas of social activity which may shape the situation of entrepreneurs in the Poviat, and also have a huge impact on the development of entrepreneurship, and on innovative activity of businesses in the region.

The basis for all processes in the Poviat is its demographic potential. With this respect in the investigated period the following processes were observed:

– a slow decrease in population caused by outflow of people from the region;
– changes in the population age structure – a permanent decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over
– the decline of the population in the pre-productive age, and the increase of the population in the working age and in the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

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- the increment of the rate of the number of working for 1000 people, which can suggest greater employing propensity of firms, and a sustainable socio-economic development,
- the growth in average monthly gross salaries,
- a systematic decline in the number of unemployed people, being the lowest in the voivodship,
- the deficit jobs in 2008 in the Poviat of the City of Szczecin were only found in such big professional groups as: vocational teachers and instructors, money market and customer service, office workers, supportive workers in trade and services, drivers and operators of vehicles and self-contained machinery, miners and contractors, auxiliary staff in mining, industry, building and shop assistance. There was a balance in the case of the following groups: personal services and security workers, metal processing workers and machinery mechanics. The highest surplus was in such groups as: auxiliary workers in agriculture, executives of small and medium-sized factories, farmers, gardeners, foresters and market oriented fishermen.

There were clear indications of the economic upturn, evident from the analysed economic indicators like:

- growth in the number of economic subjects, especially so important for economic growth commercial partnerships,
- the highest value of the industrial production sold in the voivodship
- the increase of investments in companies (up to 59.0%)
- higher than in 2004, the gross value of fixed assets,
- the level of revenue and expenditure per capita which gave the poviat 2nd and 3rd place in the voivodship respectively.

It should also be noted that there are clear signals of hampering development, which manifests in the decreased industry production sold and in the participation of the Poviat in creating voivodship value sold.

Considering, in turn, the level of saturation with businesses in the Poviat of the City of Szczecin, it seems that it is a well developed area in terms of the development of entrepreneurship in the voivodship. Indeed, in the Poviat of Szczecin there are the most businesses, as well as each year the number of newly registered firms in the REGON register is the biggest. However, this does not translate into the saturation with business per 1000 people indicator. The Poviat was only on the 4-th place in the voivodship. Another conclusion from this analysis is that the development of entrepreneurship in the Poviat will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat, allows to indicate some specific features for this group. The surveyed firms are engaged primarily in service sectors, with a dominating role of commercial activity. The commonest are micro enterprises, registered in the form of a natural person establishments, but also other forms of business activity (like all kinds of partnerships). A significant proportion of the structure of the surveyed companies have enterprises with previous experience in business, which are present in the market for over 8 years. The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and medium-term (12 months) – indeed waiting attitudes prevail.

Considering the respondents' answers, it can be concluded that business activity is hampered by both market factors (strong competition, limited demand) and administrative factors

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(high load on the State budget, too heavy bureaucracy) and positive examples of the support obtained from public institutions were rare. From the voices coming from representatives of companies it is clear that for most of them the State (and its different agencies) does not have any interesting forms(or at least it is not known) of supporting business enterprising. Generally the company's focus is primarily on consolidating its place on the market, and the co-operation and partnership with other enterprises or public institutions are rare occurrences.

The opinions on the broader context of business are pessimistic – the evaluation of both the current downturn in economy of the Poviat and its prospects in the future are negative; it means that the impetus for development must, according to test, come from outside. However, certain symptoms of positive developments appear in conversations on business perspective for years to come.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is a small share of innovative solutions used in businesses.

It should be noted that the situation of companies and their prospects for development should not be seen solely in the context of economic considerations. When planning activities whose purpose is to support the development of the economy, you must also take account of social phenomena. It seems that the key problem areas include: the relationship of employers with their employees, as well as with public institutions, and the business environment. It seems to be advocating some action aiming at changing the mindset, the mentality of many entrepreneurs and executives – also in relation to practical aspects of running a business, management, strategic planning, etc. It is also noted that there should be some breakthrough in antagonisms occurring now between the main actors on an economic stage (e.g. entrepreneur-workers, entrepreneurs-officials, entrepreneurs-banks).

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate to much different rules from those of small and medium companies;
2) a series of institutional and procedural barriers need removing in the process of setting up and running a business both at national and local levels;
3) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
4) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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III. SZCZECIŃSKI SUBREGION

Introduction

Szczeciński Subregion is located in western part of the Zachodniopomorskie Voivodship by the Polish-German border. It borders with Stargardzki Subregion, the City of Szczecin, and the Baltic Sea. Its area in 2008 was 5.4 thousand sq. km. which 23.4% of the voivodship. Its population was 319.3 thousand people, which is 18.9% of the population of the voivodship. This gives the Subregion Szczeciński on the last but one place, before Subregion Szczecin, and the last lace in the voivodship. The administrative division of the subregion consists of:

- 4 poviats of earthly: Goleniowski, Gryfiński, Kamieński and Policki;
- 1 city with the status of poviat: Świnoujście;
- 26 communes: 1 municipal, 16 municipal-rural and 9 rural.

The poviats of the subregion are varied in size. The smallest is the poviat of the city of Świnoujście, which covers 3.7% of the subregion. The biggest poviats are: Goleniowski and Gryfiński which cover over 65% of the subregion.

In 2008 the rural coverage rate, illustrating the share of rural areas in the total area of the subregion was 93.1%, which put the subregion on the 3rd place in the voivodship. The urban coverage rate was on the level of 6.9% giving the subregion 2nd place after the City of Szczecin.

The development of the regions is one of the prerequisites of improving economic potential of given areas. Therefore, creating conducive conditions for the development of economic potential has been defined as a strategic target of national development. Developing entrepreneurship and attracting investors are also among the main objectives of strategic development plans of the poviats in the Subregion of Szczeciński.

Macro-economic conditions for business development on the level of subregion can be measured by the analysis of the data on the DGP or on the structure of generating the gross added value. The DGP shows the final result of all subjects of national economy. Its value in 2006 for Szczeciński Subregion was PLN 7443 million and was bigger than in 2004 by 77.8% (average growth for the voivodship was 12.6%). The DGP per capita was PLN 23687 which was 93.5% of that in the voivodship. The rising DGP per capita confirms a sustainable development of the subregion's economy.

In comparison with 2004, there was an increase of the gross added value, illustrating the value of products (goods and services) created by market and non-market entities (reduced by the indirect usage necessary for creating it), by 6.5%. The results of the shift-share analysis show the level of subregion competitiveness in the voivodship with respect to the structure of the gross assed value according to the Poland's Code for Activities (PKD) (assuming the same tendencies of changes in that area). The results of the analysis confirm the differences in the structure of creating the gross added value for the subregion and the voivodship. Also, they show that the growth of that value in the subregion is dependent on its economic potential. This potential in the subregion is higher in industrial sectors and those connected with: trade and repairs, hotels and restaurants, transport, storing and communication. It turns out that the newly created value in the subregion was bigger than in 2004 almost in all sections of Poland's Code for Activities (PKD) (except agriculture and industry). However the changing tendencies are slower than in the voivodship. The unfavourable structure of creating GAV (gross added value) in the firms of the subregion caused the negative shift compared to that in the voivodship, mainly

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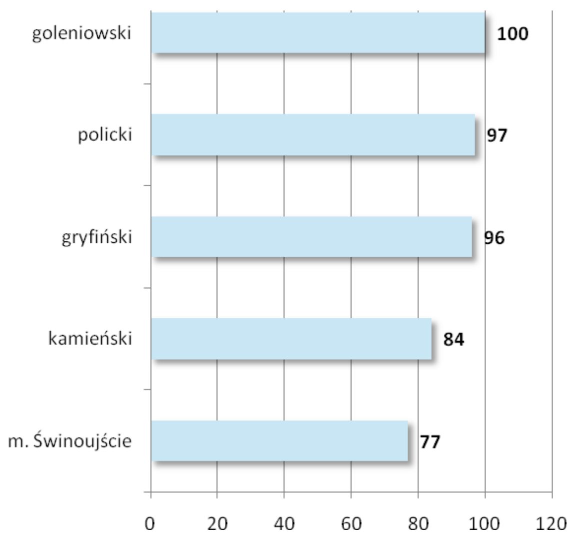
due to poorly developed agriculture, industry and the remaining services. The level of competitiveness of an area (PO variable), illustrating the differences in the growth rates in the subregion and the voivodship, is low – which is due to much lower than in the voivodship level of competitiveness in such areas as: industry, trade and repairs, hotels and restaurants, transport, storing and communication, and building. Compared to the general development level of the voivodship the level of competitiveness with respect to the structure of creating GAV for the Subregion of Szczeciński shows favourably – which is illustrated by the positive shift of the total (PC), due to positive shifts in the analysed groups of activity (except for agriculture, hunting, forestry, fishery and industry).
Particular poviats of the Subregion of Szczeciński were represented by a varied number of firms, the biggest share in the surveyed sample were subjects located in the Poviat of Goleniowski, and the smallest those from the Poviat of Świnoujście.

Fig. 1. The structure of the sample in the Subregion of Szczeciński
(data in absolute values)



Source: *Own research.*

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1. The Poviat of Goleniowski

Introduction

Territorial Division

The Poviat of Goleniowski is situated in the west of the Zachodniopomorskie voivodship. It borders with four neighbouring Poviats: Gryficki, Kamieński, Łobeski, Policki, Stargardzki and city Szczecin. In 2008 it covers the area of 1616 sq. km, which accounts for 7.1% of the area of the whole voivodship, and has the population of 79.6 thousand which is 4.7% of the whole voivodship population. With these figures the Poviat of Goleniowski ranks on the 4-th and 5-th place respectively in the whole voivodship.

The Poviat consists of six communes: urban-rural – Goleniów, Maszewo and Nowograd communes and rural – Osina, Przybiernów and Stepnica communes. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 98.1% and put this Poviat on the 2-nd place in the voivodship. Respectively the urban area ratio was on the level of 1.9% which meant the 16-th place in the voivodship (together with the Poviat of Gryfiński).

In the whole Poviat there are 203 towns and villages with the proportion of 200 villages and only three towns: Goleniów, Maszewo and Nowograd. The capital of the Poviat is Goleniów. Through the Poviat run important road and rail routes.

Fig.1. Administrative borders of the Poviat of Goleniowski
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect to all entrepreneurs taking part in the research. In the analysed population, the gender regression is somewhat asymmetrical: 52.0% of men and 48.0% of women. The next variable was the age of the respondents (it is uneven), the most represented was category 46-55

– 27.0%, then 26-35 (25,0%), the next group 56-65 – 19.0% and 36-45 – 16.0% of the respondents. With regard to all respondents, most of them had a secondary education – 48.0%, and tertiary education – 36.0%, much less often – 14.0% – a vocational education, and primary education – 3%. The last variable is the job or post they hold. Thus there were 67.0% of firm owners, 3.0% of HR workers, and 26% of people responsible for talks in the company.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 The Poviat of Goleniowski population increased by 1.9%. According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

The Poviat of Goleniowski belongs to sparsely populated areas, the average population density rate in 2008 was 49 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level.

In 2008 The Poviat of Goleniowski all city population was 42.3 thousand people, which in turn determined the urban demographic rate on the level of 53.2%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, The Poviat of Goleniowski seems to be a region of medium urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rate the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in The Poviat of Goleniowski in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	78066	78918	79588
Urban demographic rate	54,0	53,5	53,2
Rural demographic rate	46,0	46,5	46,8
Population density per 1 km^2	48	49	49

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological age groups (0-14, 15-64, and 65-plus). This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 1.0 thousand, and its general ratio to the total population of the region fell from 18.6% to 17.1%. In the next age group, i.e. age 15-64, there was an increase from 55.3 thousand to 57.5 thousand in the respective years. However, the ratio of this group to the total

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population increased from 70.9% to 72.3%. The last age group population, i.e. age 65-plus increased by 3.6% and its ratio to the total population went up from 10.5% to 10.6%. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Poviat of Goleniowski the percentage of people in the pre-productive age group was 21.1% (in the voivodship – 19.1%), in the productive age group – 65.8% (65.9% in the voivodship) and in the post-productive age group – 13.0% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 1.1%) and post-productive age group (by 0.8%), and a simultaneous decrease in the pre-productive age group (by 2.0%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in The Poviat of Goleniowski 926 new children were born, which accounted for a 8.9% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 11.6 live births (10.8 in the voivodship) and only 10.1 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in a given area. In the years 2004-2008 in the Poviat in question there was an increase of the death rate by 5.6%. For each 1000 inhabitants in 2008 there were 8.9 deaths (9.7 in the voivodship), and only 8.6 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Goleniowski in all the years in question amounted to over 50%.

The population growth, based on the number of live births and the number of deaths in The Poviat of Goleniowski in 2008 was positive (213 people) and compared to that from 2004 had increased. After conversion for each 1000 people, the growth ratio was on the level of 2.7 (1.1 in the voivodship), whereas in 2004 it was 2.2.

Tab. 2. Natural migration of people in the Poviat of Goleniowski in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	10,8	10,1	11,6
Total death rate for 1000 people	8,6	8,6	8,9
Natural growth rate for 1000 people	2,2	1,6	2,7

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the Poviat of Goleniowski in 2008 the total migration rate was positive and amounted to 116 people, which was caused by the influx of population from other Poviats and towns, less frequently from the

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country. For each 1000 people in the Poviat the migration rate was 1.5 people, and was higher than in the voivodship (- 0.8 people).

The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Poviat of Goleniowski in 2007 there were 14.6 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 14.2%. In the analysed period there was a significantly bigger increase in the employment of women (by about 19.5%).

For each 1000 people in 2007 there were 184 people employed in the firms with nine and more workers, which ranked the Poviat on the 6-th place in the voivodship (with the average rate for the Zachodniopomorskie voivodship 193 people). The analysis of the employment rate shows its growth compared to 2004 (higher than in the voivodship), which can suggest: firstly, the increased willingness on the part of local business to employ new workers, and secondly, a sustainable socio-economic development of the area.

Tab. 3. Workers and salary in the Poviat of Goleniowski in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	12788	13464	14599	114,2
men	6879	6980	7535	109,5
women	5909	6484	7064	119,5
Workers together with individual agriculture	15112	15788	16923	112,0
in% of the agricultural sector	17,8	17,7	16,8	94,3
industrial	44,2	44,0	46,9	106,1
supporting	37,9	38,3	36,3	95,6
Average monthly gross salary of PLN	2030,30	2220,20	2450,32	120,7

Source: *Own analysis based on the data from the Central Statistical Office.*

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Poviat of Goleniowski in 2007 the number of people employed was 16.9 thousand. The employment structure sorted by

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economic sectors shows that 16.8% of the employed worked in agriculture (11.8% in the voivodship), 46.9% in industry and 36.3% in services. Since 2004 the employment in the industry sector slightly increased, and it did so at the expense of the service sector (a smaller drop) and in agriculture (a bigger drop).

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was PLN 2450.32 and it was more than in 2004 by about 20.7% (in the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by about PLN 166.00). With respect to the pay rate, the Poviat was on the 7-th place.

In The Poviat of Goleniowski, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 4172 people unemployed (in which women made 61.3%). Since the beginning of the analysed period the number of unemployed dropped by 50.6% (only 54.8% in the voivodship), and the drop referred mainly to female workers. 49.4% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the little decrease – the percentage of unemployed people living in villages was a bit lower than in 2004.

The registered unemployment rate in the Poviat in 2008 was 15.0% (with the average for the voivodship 13.4%) and it gave the Poviat the 8-th place in the Zachodniopomorskie voivodship. By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a slight decrease of the unemployed not entitled to state welfare money (by 7.5%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still worryingly big – in 2008 it was 75.8% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 6.1%), and in the group 25-34, and a decrease in all other age groups (the biggest in the below 25 age group). There were also more unemployed people with university education, post-secondary, secondary vocational education and a general secondary, and fewer unemployed with a vocational education, gymnasium education and primary education.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and the job postings made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in The Poviat of Goleniowski were only found in such big professional groups as: vocational teachers and instructors, managers of big organisations, teachers, machinery operators and assemblers, money market and customer service. There was a balance in the case of the following groups: mining, industry and construction auxiliary workers, supportive workers in trade and services, extractive and processing machinery operators, drivers and operators of vehicles and self-contained machinery, office workers. The highest surplus went to such groups as: farmers and fishermen working for their own needs, medium level personnel in agriculture and health services and middle level technical personnel.

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In comparison to 2004 the average surplus intensity rate hardly increased, but in comparison to 2006 – decreased.

Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In the Poviat of Goleniowski in 2008 in the REGON register there were 8.2 thousand firms and businesses which accounted for only 3.9% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 11.7% (by 5.5% in the voivodship). From among all businesses operating in the area in 2008 over 97% came from the private sector.

Considering the competitiveness of the Poviat of Goleniowski with regard to the business saturation, it only ranks on the 12-th place in the voivodship. On average, the Poviat has 103.5 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Goleniowski is a weakly developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Poviat of Goleniowski in 2004, 2006 and 2008

SPECIFICATION		2004	2006	2008
All economic subjects		7373	7938	8234
for 1000 people		94,4	100,6	103,5
by economic sectors in %	agriculture	4,7	4,4	4,5
	industry	22,3	25,5	26,3
	services	73,0	70,1	69,2

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 95% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 3.7%, and average businesses only 0.9%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro, small and average businesses in the Poviat increased.

Analysing the national economy subjects registered in the REGON register according to the legal status, it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat of Goleniowski was represented by natural persons running their own businesses (81.2%), with the next place going to trade companies with 5.4%, associations and social organisations with 1.5%, co-operatives with 0.6%, and foundations with 0.1%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 55.8 trading companies for 10000 people in the Poviat, giving it the 6-th place in the voivodship. Compared to 2004, the number increased by 27.2%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions.

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Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 167 such companies in the region, which, when set against 10000 people, gave 21.0 units. Companies with foreign capital accounted for 37.6% of all trading companies in the Poviat, and their number compared to 2004 increased by 30.5%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Poviat of Goleniowski the firms from the service sector were the most numerous with the number of 5.7 thousand they accounted for 69.2% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 60.3% of all businesses in the Poviat, and non-market services by 8.9% of firms. The percentage of firms from the industrial sector was over 26.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails, on average, more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.4 thousand, which was only 4.5% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that over 56% of the firms in the region in 2008 came from three sectors: trading and repairing, services for housing and firms, and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[7]

In 2008 in the Poviat of Goleniowski REGON register 914 new firms were registered, which gave 11.5 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: building 25.3%, trade and repairing sector 23.2%, services for housing and firms 9.7%, which is recently a generally observed tendency in the whole country.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Goleniowski in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	563	1047	914
for 1000 people	7,2	13,3	11,5
All checked out firms	396	703	800
for 1000 people	5,1	8,9	10,1

Source: *Own analysis based on the data from the Central Statistical Office.*

[7] *The Report on the condition of small and average firms in Poland in 2006-2007*. Prepared by Polish Business Development Agency, Warsaw 2007.

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In 2008 in The Poviat of Goleniowski 800 firms were crossed out from the register. For 1000 people it gave 10.1 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, services for housing and firms, and industrial processing sector. However, it should be stressed that more firms were registered than checked out.

Using the shift-share analysis, the level of competitiveness of the Poviat of Goleniowski can be assessed. The level is referenced to the Zachodniopomorskie voivodship with respect to the number of national economy subjects according to the PKD classification code. Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). The level of competitiveness of the area (KO) illustrating the differences between the growth rate in the Poviat in comparison to the voivodship is high, and a positive value indicates a high competitiveness of the Poviat. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the Poviat of Goleniowski in 2007 it was worth PLN 3863.2 million and it was 17.0% of the total production sold in the voivodship. Compared to 2004 there was an increase in the production sold in the Poviat by PLN 3052.1 million, and thereby the Poviat's contribution to the production sold in the voivodship also significantly increased.

The industrial production sold for one person in the Poviat was in 2007 PLN 48826.00 (with the average for the voivodship PLN 13447.00). That gave the Poviat the 1-st place in the Zachodniopomorskie voivodship.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 persons in the Poviat of Goleniowski in 2007 amounted to PLN 292.2 million and were higher than those incurred in 2004 by about 101.7%.

The highest expenditures were incurred in the industrial sector, then in services (mainly in the market services) and in agricultural sector. Since 2004 the expenditure incurred in the agriculture and in services decreased, while in the industrial sector – increased. The volume of investments per capita equals to PLN 3692.00, and was much higher than the average in the province and put Goleniowski on the 2-nd place among other Poviats of the Zachodniopomorskie voivodship.

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Tab. 6. Investment and gross fixed assets in the Poviat of Goleniowski in 2004, 2006 and 2008

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	144,9	281	292,2	201,7
in % agricultural sector:	8,8	2,8	1,3	14,8
industrial	66,0	77,2	73,8	111,8
market services	24,6	19,6	17,7	72,0
non-market services	0,6	0,4	7,2	1200,0
per capita in PLN	1863	3569	3692	198,2
The gross value of the asset in million PLN	1044,2	1115,1	1269,5	121,6
in % agricultural sector:	6,9	7,6	5,6	81,2
industrial	57,3	64,2	70,1	122,3
market services	34,4	26,6	22,8	66,3
non-market services	1,4	1,6	1,5	107,1
Per capita in PLN	13376	14130	15998	119,6

Source: *Own analysis based on the data from the Central Statistical Office.*

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the district was PLN 1269.5 million and was higher than in 2004 by 21.6%. The highest gross fixed assets were recorded in the industrial sector, then in services (primarily in the market services) and agricultural sector. Compared with 2004, the capital expenditure in the industrial sector increased, on agriculture and in services decreased. According to the gross worth of fixed assets per capita in 2007, Goleniowski Poviat was on the 10-th place in the voivodship.

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities).

In 2008, the Poviat of Goleniowski received for the execution of its tasks, 62.0 million PLN (about 29.1% more than at the beginning of the investigation period). It was PLN 779.42 per capita, which was the 14-th place among the Poviats of earthly. The expenditures amounted to PLN 63.3 million of which investment expenditure property constituted only 11.5% (16.7% in the voivodship). The growth of expenditure in the Poviat (compared with 2004) was lower than the revenues. Spending per capita placed the Poviat on the 13-th place among the Poviats of earthly.

The budgets of districts of the Poviat of Goleniowski in 2008 drew the joint income equalling to PLN 221.2 million and the amount of income per capita placed the Poviat on the 9-th place in the province. Municipalities spent PLN 201.6 million, in which property investments accounted for an average of 19.3% of the total expenditure budgets of these communes. Compared with 2004, the expenditure of municipalities increased faster than their revenue.

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Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within the Poviat of Goleniowski in 2004, 2006 and 2008 in PLN

SPECIFICATIONS	2004	2006	2008	2004=100
Poviat budget revenue	48015918,00	51959898,61	61966886,25	129,1
per capita	617,36	659,91	779,42	126,3
Poviat budget expenditure	44485235,00	53303103,74	63344489,02	142,4
per capita	571,97	676,97	796,75	139,3
Revenue of municipalities' budgets	124520992,00	169895044,34	221233186,09	177,7
per capita	1601,02	2157,73	2782,67	173,8
Expenditure of municipalities' budgets	131193546,00	168451963,89	201596442,88	153,7
per capita	1686,81	2139,40	2535,68	150,3

Source: *Own analysis based on the data from the Central Statistical Office.*

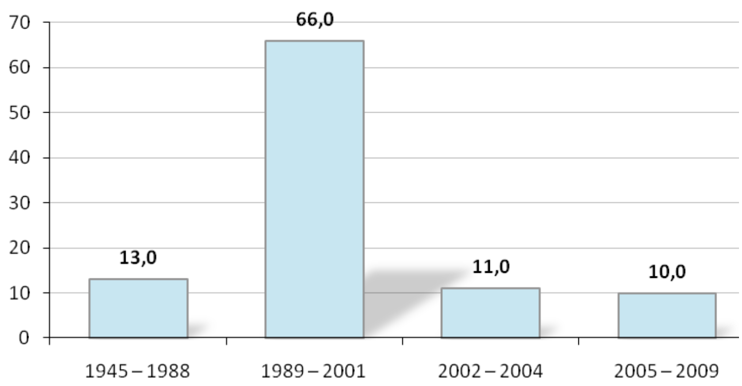
Own research results

A. The State and structure of the economic activity of the companies surveyed

Entrepreneurs and their companies – characteristics of the business

Looking at the condition of the economic activity of the companies in the Poviat of Goleniowski, the years of more and less dynamism in this area can be clearly seen (fig.2). The numbers of registered traders were particularly high in the years 1989-2001 when up to 66.0% of enterprises were created. In the next years there is a noticeable fall in the number of registered companies. Keeping in mind that presented data does not show the absolute increment of the number of companies – at the same time a number of companies closed down. In principle it should be noted that the companies existing in the Poviat are those which have already had some experience (they are on the market for over 8 years) – also during low market downturn.

Fig. 2. The year of founding a company



Source: *Own research.*

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With regard to the companies in the Poviat, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 84.0% of all companies investigated, then come small companies – 10.0%, the average – 5.0% and the large companies – 1.0%.

Next, regarding the type of activities, single enterprises prevail – 76.0% and the remaining (23.0%) goes to co-partnership companies (of which 10.0% limited liability partnerships, civil associations – 9.0%, particular partnerships – 3.0% and public companies – 1.0%) and one association.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies from services-manufacturing and agricultural markets. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of Goleniowski are as follows:

- commercial sector – 39.4%
- service sector – 24.2%
- industrial processing sector – 9.1%
- transport, storing, communication sector – 7.1%
- agriculture, hunting and forestry sectors – 6.1%
- construction sector – 4.0%
- hotels and restaurants sector – 3.0%
- real estate sector, renting and business services – 3.0%
- companies producing and/or supplying media (gas, water, electricity) – 1.0%
- companies in financial intermediation – 1.0%
- education sector – 1.0%
- health services and social assistance – 1.0%

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows that: 25.3% of companies hire people with higher education, 48% with secondary education, and 21.3% with vocational education. In addition, 0.7% of enterprises employ persons with gymnasium education; 4.0% of them those with primary education, and 0.7% without any education. This means that over 5.4% of companies use workers without acquired qualifications,

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Goleniowski in 2008 in the case of 11% of companies the employment declined, then increased in 14% but in 75% of the surveyed companies there was no personnel traffic.

The main causes of a reduction in the number of workers were:

- the issues of external problem with

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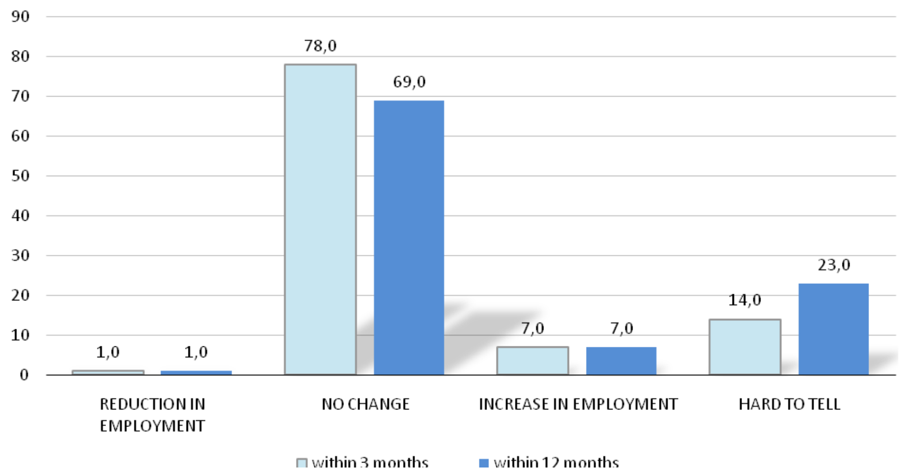
- the disposal of products and services – 75%,
- internal issues:
  - unprofitability of the production and sales – 8.3%
  - dismissing employees on their own request – 8.3%
  - the lack of workers' diligence – 8.3%.

In turn, the increase of employment in the company was due to the increasing demand for the products or services – 50.0% or the extension of the scope of their activities – 50.0%. These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, in addition, in the Poviat of Goleniowski, there are natural factors explaining personnel traffic in companies (retirement, dismissing employees on their own request). It is worth stressing that a large personnel fluctuation is not a favourable factor to business efficiency and indeed has negative consequences for companies.

The declarative dynamism in employment within the next three months, and the nearest year is optimistic because only 1% of the surveyed plan to reduce the number of employees. A small differentiation (in both periods of time) relates to keeping stable employment, with respect to 3 months it is 78% and in respect to 12 months less – 69%. A similar number of responses was given also to the projected employment growth, as for the next 3 months and 12 months the number of indications is 7%. 14% of the respondents cannot predict the dynamism in employment for three months and 23% in relation to the next 12 months (fig. 3).

Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates (fig. 4). The reduction in employment is expected only in sections: G – wholesale and retail trade; repair of vehicles, motorcycles, and personal and household goods. A waiting attitude is dominant among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers. However, it should be noted that there are more companies which expected a future increase in employment than

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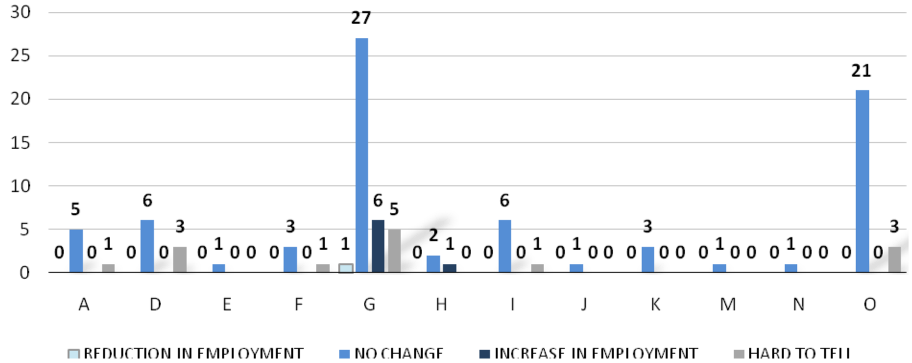
those expressing an opposite view. The biggest group expecting the growth in employment came from sections: G – wholesale and retail trade; repair of vehicles, motorcycles, and personal and household goods and H – hotels and restaurants.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the Poviat of Goleniowski the need for specific professions is what follows: technicians and middle level personnel, industrial labourers and craftsmen, services staff and salespersons and unskilled workers

Depending on the wanted specialties, professional qualifications employees should have: secondary technical education and preferably compatible with the profile of the company – 33.3%, should have some previous experience in the job – 2.2%, and vocational education with the profile of the company, client skills, higher professional education compatible with the company profile – 11.1% each.

Obviously, seeking new employees may be done internally (the so-called internal recruitment) and by external recruitment (seeking employees on an external labour market). With regard to the Poviat of Goleniowski the analysis refers to external recruitment process. The firms looking for employees use mainly passive forms of finding workers – using Work Centre (UP) (20.7%), using advertisements in the press (12.6%), putting advertisements in the press (8.1%), persons concerned come to company themselves (5.9%), they were recommended by others (10.4%). The remaining group – over 41% did not seek workers.

The company's development potential – the company's remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this is the so called sensitive variable, which is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. With regard to the Poviat of Goleniowski over 20% of respondents refused to answer. However, the obtained responses suggest that the salaries during the past and current years were given some level of dynamism. In 2008 the salaries increased in 13.08% cases, in 2009 the number has been 1.0% of the surveyed. In the context of the economic crisis, a strongly

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positive fact is the declaration to leave salary levels unchanged: in 2008 – 61.0% of the respondents froze the salary, but with regard to 2009 such intention was declared by as many as 73.7% of the respondents (tab. 8).

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	13,0	1,0
Were reduced	5,0	2,0
Unchanged	61,0	73,7
Refusal to answer	21,0	23,2

Source: O*wn research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human resources management. It is of course a cost-generating item, but in the long term enhances business. In the Poviat of Goleniowski a worrying signal is that up to 70% of the surveyed companies do not use this type of solutions. The remaining – 28%, declare using training but taking into account only essential training: sales and customer services, machinery and vehicle operators, accounting, finance, special branch trainings like: valuation of immovable property, taxation, product and pharmaceutical.

This list of issues indicates that companies by sending employees to such courses protect the interest of the company, but also equip their staff with expertise, from which they can draw in the course of their career. It is worth noting that the courses and training are of a wide range of topics and skills. This may suggest a high awareness of improving skills needed in further careers. The representatives of the surveyed companies, and at least most of them, apparently appreciate the importance of this process.

Today, in the time of rapid growth of the importance of technology in the functioning of societies, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. The relatively new technologies being used in enterprises in the Poviat of Goleniowski describe the potential of these companies as follows: 23% of companies use modern technological lines purchased in 2008/2009, 43% – within five years and 18% of companies use technological lines purchased before 2004. In terms of modernity procuring data are as follows:

- machines and modern devices – purchased in 2008/2009 – 19% of companies,
- machinery and equipment used from 3 to 6 years – 45% of companies,
- machinery and equipment used from 7 to 10 years – 12% of companies,
- machinery and equipment used for over ten years – 10% of companies.

From the presented data emerges a picture of companies that keep pace with the challenges of the market, by adjusting their solutions to modern requirements. However, the fact that 16% of the respondents not being able to determine the applicable company technology and 14% of the respondents could not specify the technological state of the machinery used in their company raises the concern that they did not want to admit to using in their companies outdated and old solutions which are generally disapproved of. This category cannot be firmly associated

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with the companies using the machinery and equipment older than 10 year. However, it can be assumed that a significant proportion of them are just such company.

B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Goleniowski the choice of location for their activity was determined by:

- the residence of the owner – 44.4%,
- the opinion that the Poviat of Goleniowski is a good location – 20.6%
- the availability of markets – 12.2%,
- the availability of cheap labour – 10.1%,
- the availability of supply – 5.8%.

The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market.

The presented data show that companies in The Poviat of Goleniowski knowingly or unknowingly apply a strategy for building a quality advantage, that is, they seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality (fig. 5). Presented data show a big divergence in provided answers, which may suggest that companies estimated the competitive edge in an individual way. Operating in the same area (Poviat) does not lead to creating a common platform for building competitiveness. However, it should be noted that a relatively large group of the respondents – 13.6% was unable to determine what the main factors to gain competitive advantage are.

Most of the surveyed companies estimate their level of competitiveness as that of a local competitiveness – 74.3%. In the opinion of the respondents there are 13.8% of companies with competitiveness on the voivodship level, and 5.5% of the respondents feel competitive in relation to the entire country. The dimensions of European competitiveness – as felt by the researched – are very meagre – only 1.8% of the respondents believe that they are competitive markets in the European Union. The remaining 3.7% of the respondents believed that they are not competitive.

Thus, the main competitors of the companies in the Poviat of Goleniowski are other local companies – 88.9%, and companies from Western Europe are seen as a potential competitor by 6.1% of the respondents, and national companies by 2.0%.

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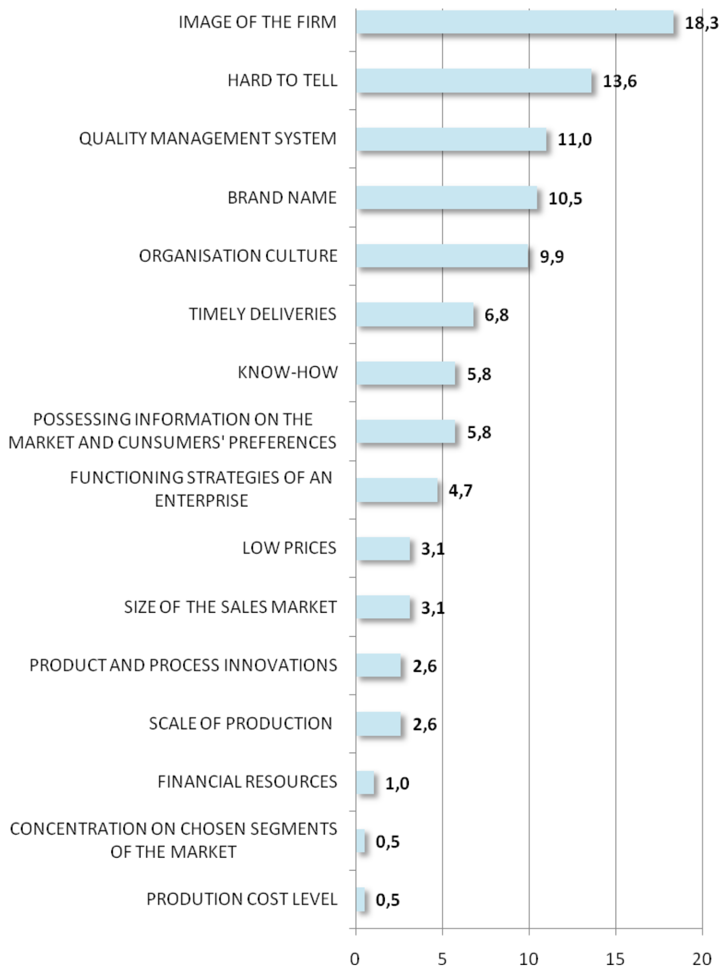
Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses. Among the surveyed companies 9.8% declared that they do not encounter any problems in their business activities; however, the remaining 90.2% of the respondents had some difficult or critical moments .

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- inadequate domestic demand – 20.2%,
- uncertainty overall economic situation – 18.1%,
- strong domestic and foreign competition – 14.5%,
- heavy bureaucracy – 10.9%,
- unclear and inconsistent legislation – 5.2%,
- no concept of development for cities/municipalities – 3.1%.

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Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications):

- the lack of professional staff – 4.7%,
- difficulties in accessing funds necessary to operate – 2.1%.

The biggest difficulty for the surveyed businesses is learning to function in a free market economy, where experiencing strong competition mechanisms is a norm, and the inherent pressure and constant risks are unavoidable. Interestingly enough the surveyed expressed the opinion that they experience a lot of difficulties in their business caused by public institutions – in particularly such as: heavy bureaucracy and high taxation. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, frequent problems, generated by the State and its institutions.

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. In the Poviat of Goleniowski the main practice in these situations are: reducing investment expenditure – 19.7%, the decrease in the level of employment – 10.7%, reorganisation of the establishment – 6.6% or cessation of investment – 4.9%.

This means that to a great extent, the reaction to crises is restricting an aspect of activity, which is a passive strategy.

Active methods comprise the following: investing in a more dynamic advertising and insuring investments – 0.8% each. It is worth to recommend active strategies, which to some extent secure against the effects of the volatile environment. Not taking any concrete action in a crisis is a much more unfavourable phenomenon – and such passivity is owned up to by as many as 36.1% of the surveyed. In addition 16.4% of the surveyed cannot completely define the way of tackling difficult situations, namely 52.5% of the surveyed knowingly or unknowingly apply a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 46% of the surveyed conclude that the situation of the company during the last 6 months has not changed, and 10% say that it has clearly improved. However, the opposite opinion was voiced by 42% of the surveyed which is a relatively large group. 2%of the respondents couldn't answer this question. It is clear that the assessment of the socio-economic conditions depends on one's own subjective business experience.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for the item and service – 72.5%
- increase in prices of materials and raw materials – 3.9%
- increase in fuel prices and energy – 3.9%

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 75%,
- prices of materials and raw materials – 16.7%

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as

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improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

It is generally known that the companies function in a particular external environment – a socio-economic surrounding, whose quality affects the functioning of companies. In this regard by the most of the surveyed – 49% – the economic situation in the region during the last 6 months deteriorated, by 45% – has not changed and only by 3% of the surveyed it improved. Such a large share of negative opinions on the previous year indicates that companies from the Poviat very quickly felt the negative effects of economic slowdown that occurred in 2008. Undoubtedly this occurring proves close links with the world economy, even if they are only of indirect kind.

Respondents forecast how the economic situation in Zachodnipomorskie voivodship will change over the next 6 months. The results allow moderate optimism, negative scenarios predicting a deteriorating economic situation in Zachodniopomorskie voivodship were expressed by 10%, and 50% thought that the situation in the projected period would not change, 15% of the surveyed believes that it will improve, at a large group of the respondents – 25% have difficulties in outlining future prospects.

Academically interesting is the attempt to observe the pace of changes in demand for services/products offered by the company in respect to the same period last year. The increase in the level of demand was mentioned by 13.4% of the surveyed, and the reduction by 44.3%, and the most numerous group cannot see any changes in the volume of demand – 38.1%. The remaining 4.1% of the respondents did not know how to estimate the changes in the context of the past year.

The respondents were forecasting the changes in demand for services/products offered by the company in respect to the same period next year. The obtained distribution of variables points to the change of the situation, 22% considers that the demand should rise, 44% that the volume of demand does not change, but there are considerably fewer persons awaiting the decline of it – 5%. A relatively large group of the surveyed (increased from 4.1% to 29%) cannot estimate the dynamics of demand. Such a large number of those who are not able to estimate the changes in the volume of demand, as regards the future period, allows to conclude that the situation on the market is very dynamic, impeding or even preventing proper evaluation.

One of the major factors determining the development potential of companies is the level of investment. In order to strengthen the position on the market, and not to be pushed off it by competition, a company must take pro-development actions, and one of these types of actions are investments. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and in relation to local and regional development. The benefits of adequately realised investments are obvious and usually mean strengthening the position of the company on the market. No investment always results in the stagnation and the alienation from the market.

The primary (but not the only) way to invest is increasing the resources of tangible fixed assets of the company. In this regard companies of the Poviat of Goleniowski are on an unsatisfactory level, a relatively big group of 47.9% of the surveyed companies were no

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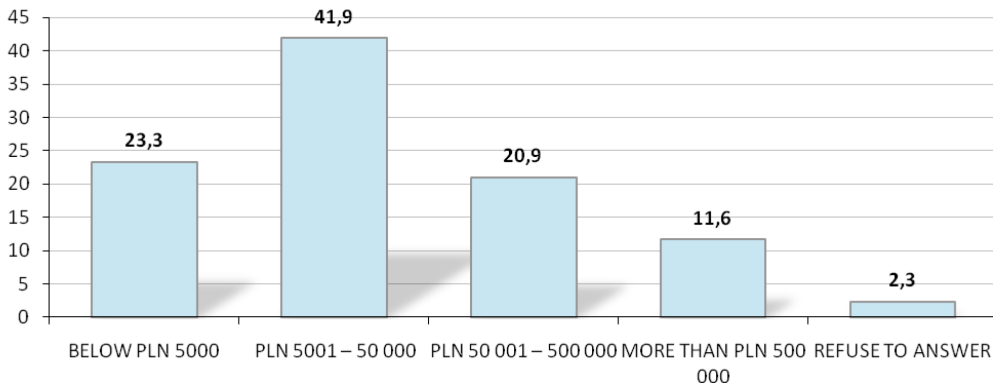
investments at all, but the companies of the Poviat of Goleniowski which do invest usually choose the following goods – ranked by the frequency of indications:

- equipment (furniture, appliances) – 23.5%,
- buildings, land – 17.6%,
- vehicles – 10.97%.

Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). 23.3% of the respondents pointed out that the expenses incurred were below PLN 5 000. Next groups of respondents declare increasingly higher amounts: 41.9% invested in the development of their company from PLN 5 000 to PLN 50 000 and 20.9% PLN 50 000 – 500 000. An expenditure of more than PLN 500 000 was declared by 11.6% of companies. No doubt this is a small volume of work and the lack of sufficient cash resources to spend on enterprise development.

Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

The respondents also forecast possible investments in the course of the next six months. The resulting data are worrisome, because 43.4% of the surveyed companies will not plan over the next six months to incur expenditure for the purchase, lease (leasing) or refurbishment of the vehicle(s), equipment or immovable property, while 26.3% of the surveyed declares such intentions, and 30.3% cannot answer this question. If entrepreneurs understand the importance of investment, then the lack of investments of this type will inevitably lead to the inability of increasing already existing fixed assets of the company.

On the basis of subjective experience respondents also made a forecast for the situation regarding their own company for the next 3 years.

- the situation of the company will be similar to the present 32%
- it will be better than today 23%
- the company will fail in liquidation 3%
- hard to tell 42%

A worrying signal emerging from the analysis of the compiled data is the significant number of enterprises (42%) which are not in a position to evaluate their own development in

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relation to the relatively near future. On the other hand, interestingly, there is some unjustifiable optimism with which the investigated look ahead. Since, in their judgment, the situation was and still is rather adverse, and they, by and large, do not intend significant transformations in business (limited level of investment), the question is what makes them feel optimistic about the future? Presumably, they draw big attention to reviving in global economy, which is believed to happen after a period of decline and stagnation.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel.

Partnerships and networking economic links among enterprises should be included to the external growth strategy, and what regards its duration and dimension, it can be in the form of short or long-term cooperation and it may be developed to a different extent.

In this regard the Poviat of Goleniowski compares rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. The overwhelming majority – 82.4% of the surveyed companies do not co-operate with other entities. In respect of the remaining companies that undertake to cooperate with other firms, they do it with: companies operating in the region (6.9%), self-governing units (4.9%), educational institutions (12.0%).

Another important issue characterizing entrepreneurs is the applied form of cooperation with companies in the region. The overwhelming majority of the surveyed companies do not co-operate with other entities. In respect of the remaining companies that do undertake some form of cooperating with other firms, in the form of association and co-operate only by exchanging goods and services – 2% each.

The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to low use of support from public institutions. The vast majority – 81% of the respondents declare that they do not use the available forms of support, 7.6% of companies benefited from an increase in employment in the company, 1.9% of companies use grants for training courses for workers and 1.0% – funding to Social Insurance contributions (ZUS).

As these data relate to the three previous years, their negative values are especially worrying. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. A partial answer to this question is the statement that 27.5% of the surveyed cannot indicate any form of support from the units of local self-government, which could help the company's activities. Among the respondents who preferred some forms of support the figures were: funding tax charges – 35%, the ZUS contribution funding – 34%, subsidies to increase employment – 25%, and grants for training courses for workers – 20% (fig. 7)

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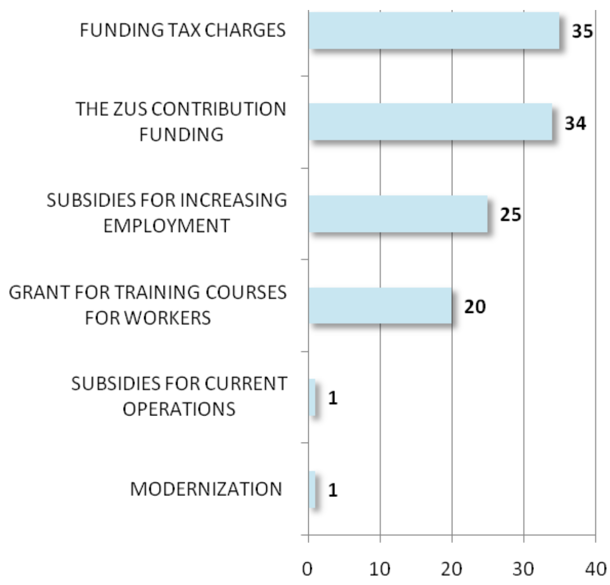
Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

The extent of economic exchange

Economic exchange in the EU in done on a common internal market, which first covers the entire EU territory, and the second is based on the principle of the four freedoms: the movement of goods, persons, services and capital. Therefore, the analyzed districts seem to be participating in this area on the principles of free competition.

Exchange enterprise conducted by members of the trade in the discussed Poviat is limited spacewise – 89% of the surveyed companies did not have any international exchange experience, 6% of them had some goods or services export experience, 2% of them had goods or services import experience, and 3% export-import of goods or services. The few companies which do export their products sent them mainly to: generally, the European Union (36.4%), then to Germany (18.2%), the United Kingdom, France, Belgium, Italy.

25% of the respondents expect that over the next 6 months their exports will remain unchanged, 12.5% forecasting a rise, while the opposite view is also held by 25% and 37.5% of the respondents cannot specify directions in the dynamics of export.

Innovation in enterprises

As already mentioned the competitiveness of enterprises is determined by many external and internal factors. The first group of factors contains the State policy and the condition of the available infrastructure, to the other the firms' internal factors e.g.: management, floating capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is a crucial factor for development, since it determines not only the pace and directions for economic development in an individual sense, but also on local, regional and international levels.

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The innovation rate in business in the area of the Poviat of Goleniowski is very low, because only 8% of companies declare that in the period of 2007-2009 they applied some innovations, the remaining 92% did not take any innovative actions. In respect of the companies which applied some form of innovation, the source of their innovation was: purchase of licenses, purchase technology and also foreign partners.

The main reason for applying innovation on such a small scale is the inability to finance innovative businesses – 22.2% of answers, too large risks associated with the implementation of innovation – 11.1% and the lack of potential interest in new products/services from client – 4% and the lack of feeling for the need of innovation – 36.1%. A large number of the respondents (56.6%) were not able to diagnose reasons preventing them from taking innovative actions.

Activating entrepreneurs of the Poviat in question to take innovative actions has more chances of success, if done in co-operation with other entities. And the pace of growth for innovations and new technologies in specific enterprises is dependent, among others, on institutional funds spent on research, development and innovation.

Over half of the respondents (60.4%) do not have any expectations as for the form of support in their collaboration with others in applying innovations, and 19.8% cannot answer this question. And therefore as many as 79.8% of all respondents of the Poviat of Goleniowski have no rudimental knowledge on the role of innovative behaviour and the importance of cooperation with other entities in the field of innovation. The remaining group of the respondents expects as follows: 11.3% would appreciate the creation of programmes to promote technological development at the level of municipalities, 6.6% pointed to the need to build a system of information on technological companies. In regard to a small number of respondents who replied to this question, it should be noted that the level of knowledge in this respect is far too small, and underestimating the importance of innovation may adversely affect the economic growth of the Poviat.

However, it should be noted that the Poviat of Goleniowski in the vast majority (79%) declares using the advantages of modern IT tools such as the Internet. Companies from this group of respondents have their own websites, continually benefit from various types of search engines and Web browsers and e-mail. 21% of the surveyed companies still do not use multimedia tools such as the Internet.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The picture which emerges from the analysis of the situation is pessimistic. Unfortunately, 79.6% of the surveyed companies in The Poviat of Goleniowski have never used EU structural funds. The remainder (over 14.6%) admits to having used the funds primarily for: the development of internal infrastructure – 4.9%, to enhance the staff qualifications and increasing employment – 3.9% each.

Such a low level of the use of funds is not caused by the lack of interest in this type of proposals – 41.4%. On the other hand, the entrepreneurs who use EU grants (49.5%) defined

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the barriers limiting their effective mobilising of the resources (the following factors are organized by declining importance):

- bureaucracy and ambiguity of EU request forms – 27.0%
- limited access to information about programs – 12.6%,
- the necessity of own contribution – 11.3%,
- the cost of preparing an application – 10.1%,
- short term preparation – 6.9%.

As shown above, the previous experience of the entrepreneurs in the Poviat of Goleniowski with applying and using EU structural funds is not very positive. A significant proportion of the companies, indeed, have no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of Goleniowski in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the district, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

– the increase of population caused by positive birth rate and migration;
– changes in the population age structure – permanently decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over
– the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

– the increment of the rate of the number of working for 1000 people, which can suggest greater employing propensity of firms,
– the growth in average monthly gross salaries,
– a systematic decline in the number of unemployed people (4-th place).
– the deficit jobs in 2008 in The Poviat of Goleniowski were only found in such big professional groups as: vocational teachers and instructors, managers of big organisations, teachers, machinery operators and assemblers, money market and customer service. There was a balance in the case of the following groups: mining, industry and construction auxiliary workers, supportive workers in trade and services, extractive and processing machinery operators, drivers and operators of vehicles and self-contained machinery, office

workers. The highest surplus went to such groups as: farmers and fishermen working for their own needs, medium level personnel in agriculture and health services and middle level technical personnel.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential. However, there were clear indications of the economic upturn, evident from the analysed economic indicators like:

- the growth in the number of economic subjects,
- the increase of the industrial production sold
- the increase of the Poviat's participation in creating administrative value sold (the 1-st place in the voivodship)
- the increase of investments in companies (up to 101.7%)
- higher than in 2004, the gross value of fixed assets,

Another conclusion from this analysis is that the development of entrepreneurship in the Poviat will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat of Goleniowski, allows to indicate some specific features for this group. The surveyed firms are engaged primarily in service sectors, with a dominating role of commercial activity. The commonest are microenterprises, registered in the form of a natural person establishments. A significant proportion of the structure of the surveyed companies have enterprises with previous experience in business, which are present in the market for over 8 years.

The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail.

Considering the respondents' answers, it can be concluded that business activity is hampered by both market factors (strong competition, limited demand) and administrative factors (high load on the State budget, too heavy bureaucracy) and positive examples of the support obtained from public institutions were rare. From the voices coming from representatives of companies it is clear that for most of them the State (and its different agencies) does not have any interesting forms(or at least it is not known) of supporting business enterprising. Generally the company's focus is primarily on consolidating its place on the market, and the co-operation and partnership with other enterprises or public institutions are rare occurrences.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is a small share of innovative solutions used in businesses.

It should be noted that the situation of companies and their prospects for development should not be seen solely in the context of economic considerations. When planning activities whose purpose is to support the development of the economy, you must also take account of social phenomena. It seems that the key problem areas include: the relationship of employers with their employees, as well as with public institutions, and the business environment. It seems to be advocating some action aiming at changing the mindset, the mentality of many entrepreneurs and executives – also in relation to practical aspects of running a business, management, strategic planning, etc. It is also noted that there should be some breakthrough in antagonisms occurring now between the main actors on an economic stage (e.g. entrepreneur-workers, entrepreneurs-officials, entrepreneurs-banks).

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On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate to much different rules from those of small and medium companies;
2) a series of institutional and procedural barriers need removing in the process of setting up and running a business both at national and local levels;
3) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
4) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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2. The Poviat of Gryfiński

Introduction

Territorial Division

The Poviat of Gryfiński is situated in the south-western part of the Zachodniopomorskie voivodship, on the Polish-German border. It borders with the neighbouring Poviats: Myśliborski, Policki, Pyrzycki, Stargardzki, and city Szczecin. In 2008 it covers the area of 1870 km^2, which accounts for 8.2% of the area of the whole voivodship, and has the population of 83.1 thousand which is 4.9% of the total voivodship population. With these figures the Poviat of Gryfiński ranks on the 1-st and 4-th place in the whole voivodship.

The Poviat consists of nine communes: an urban-rural Cedynia, Chojna, Gryfino, Mieszkowice, Moryń and Trzcińsko-Zdrój communes and rural area: Banie, Stare Czarnowo and Widuchowa communes. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 98.1% and put this Poviat on the 2-nd place in the voivodship (together with the Poviat of Goleniowski). Consequently, the urban area ratio was on the level of 1.9% which meant the 16-th place in the voivodship (together with the Poviat of Goleniowski).

In the whole Poviat there are 237 towns and villages with the proportion of 231 villages and only six towns: Cedynia, Chojna, Gryfino, Mieszkowice, Moryń and Trzcińsko-Zdrój. Gryfino is the capital of the Poviat. The Poviat has a convenient network of road, rail and waterway connections.[8]

Fig. 1. Administrative borders of the Poviat of Gryfiński
(the state for 1.01.2009)

Source: Own analysis based on the data from the Central Statistical Office.

[8] *Strategy for socio-economic development of the Poviat of Gryfiński*. Gryfin, 2001.

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The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect to all entrepreneurs taking part in the research. In the analysed population, the gender regression is somewhat asymmetrical: 54.2% of women and 45.8% of men. The regression of the next age variable of the respondents is uneven – the most representative group here was that of 46 to 55 years of age (29.2%), then 26-35 (26.0%), 56-65 (17.7%) and 36-45 (15.6%). With regard to education of the respondents, the identical share in the sample are persons with secondary education – 48.9%, then with higher education – 38.5%, there are much fewer people with vocational education – 12.5%, and the least – with primary – 2.1%. The last variable is the job or post they hold. Thus there were 59.4% of firm owners, 4.2% – manager, and 29.2 % of people responsible for talks in the company.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 The Poviat of Gryfiński population slightly increased by 0.2%. The Poviat belongs to sparsely populated areas, the average population density rate in 2008 was 44 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level.

In 2008 the Poviat of Gryfiński all city population was 37.7 thousand people, which in turn determined the urban demographic rate on the level of 45.4%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, the Poviat of Gryfiński seems to be a region of low urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rates, the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in the Poviat of Gryfiński in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	82916	83037	83093
Urban demographic rate	45,8	45,8	45,4
Rural demographic rate	54,2	54,2	54,6
Population density per 1 km^2	44	44	44

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological and economic age groups (0-14, 15-64, and 65-plus). This division shows the

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degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 1.4 thousand, and its general ratio to the total population of the region fell from 18.4% to 16.7%. In the next age group, i.e. age 15-64, there was an increase from 59.1 thousand to 60.4 thousand in the respective years. However, the ratio of this group to the total population increased from 71.2% to 72.7%. The last age group population, i.e. age 65-plus increased by 2.0% and its ratio to the total population went up from 10.4% to 10.6%. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Poviat of Gryfiński the percentage of people in the pre-productive age group was 20.9% (in the voivodship – 19.1%), in the productive age group – 66.1% (65.9% in the voivodship) and in the post-productive age group – 13.0% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 1.3%) and post-productive age group (by 0.9%), and a simultaneous decrease in the pre-productive age group (by 2.3%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in The Poviat of Gryfiński 981 new children were born, which accounted for a 19.6% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 11.7 live births (10.8 in the voivodship) and 9.8 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in a given area. In the years 2004-2008 in the Poviat in question there was an increase of the death rate by 0.4%. For each 1000 inhabitants in 2008 there were 8.9 deaths (9.7 in the voivodship), and it was the same as in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Gryfiński in all the years in question amounted to over 50%.

The population growth, based on the number of live births and the number of deaths in the Poviat of Gryfiński in 2008 was positive (237 people) and compared to that from 2004 had increased. After conversion for each 1000 people, the growth ratio was on the level of 2.8 (1.1 in the voivodship), whereas in 2004 it had value of 0.9.

Tab. 2. Natural migration of people in the Poviat of Gryfiński in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	9,8	10,4	11,7
Total death rate for 1000 people	8,9	8,4	8,9
Natural growth rate for 1000 people	0,9	2,0	2,8

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the Poviat of

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Gryfiński in 2008 the total migration rate was negative and amounted to -178 people, which was caused by the outflow of people to other Poviats in the voivodship or going abroad. For each 1000 people in the Poviat the migration rate was negative (-2.1 people), and was higher than in the voivodship (- 0.8 people).

The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Poviat of Gryfiński in 2007 there were 10.7 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant a decrease to 2004 by about 3.5%. In the analysed period the decrease in population affected both women and men.

For each 1000 people in 2007 there were 129 people employed in the firms with nine and more workers, which ranked the Poviat on the 17-th place in the voivodship. The analysis of the employment rate shows its decline compared to 2004 (the only Poviat in the voivodship where there was this trend).

Tab. 3. Workers and salary in the Poviat of Gryfiński in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	11124	11250	10740	96,5
men	5794	5726	5506	95,0
women	5330	5524	5234	98,2
Workers together with individual agriculture	13988	14114	13604	97,3
in% of the agricultural sector	24,9	24,8	25,8	103,6
industrial	32,4	30,7	30,9	95,2
supporting	42,7	44,5	43,3	101,6
Average monthly gross salary of PLN	2551,88	2690,10	2928,92	114,8

Source: *Own analysis based on the data from the Central Statistical Office.*

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Poviat of Gryfiński in 2007 the number of people employed was 13.6 thousand. The employment structure sorted by economic sectors shows that 25.8% of the employed worked in agriculture (11.8% in the

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voivodship), 30.9% in industry and 43.3% in services. Since 2004 the employment in the service sector and in agriculture slightly increased, but in the industry sector decreased.

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was PLN 2928.92 and it was more than in 2004 by about 14.8% (in the voivodship: 17.7%). The average pay rate in the Poviat was higher than the average in the voivodship (by about PLN 313.00). With respect to the pay rate, the Poviat was on the 3-rd place (after the Poviat of Policki and city Szczecin).

In The Poviat of Gryfiński, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 4410 people unemployed (in which women made 62.6%). Since the beginning of the analysed period the number of unemployed dropped by 54.4% (54.8% in the voivodship), and the drop referred mainly to male workers. 62.3% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the increase – the percentage of unemployed people living in villages was higher than in 2004.

The registered unemployment rate in the Poviat in 2008 was 17.8% (with the average for the voivodship 13.4%) and it gave the Poviat the 11-th place in the Zachodniopomorskie voivodship. By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a slightly decrease of the unemployed not entitled to state welfare money (by 3.9%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still big – in 2008 it was 84.3% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 5.0%), and in other age groups: 25-34 and slightly in 45-54. A decrease was in the age groups: 35-44 and below 25. There were also more unemployed people with a general secondary and university education (and some with post-secondary and secondary vocational education) and fewer unemployed with a vocational education, gymnasium education and primary education.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and job offers made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in the Poviat of Gryfiński were in such big professional groups as: office support staff and supportive workers in trade and services. There was a balance in the case of the vocational teachers and instructors. The highest surplus went to such groups as: auxiliary workers in agriculture, farmers and fishermen working for their own needs and executives of small and medium-sized factories. In comparison to 2004 the average surplus intensity rate hardly increased and it was the lowest in the region.

Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In The Poviat of Gryfiński in 2008 in the REGON register there were 8.1 thousand firms and businesses which accounted for only 3.8% of all businesses in the

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voivodship. Compared to 2004 the number in the region increased by 8.0% (with the increase by 5.5% in the voivodship). From among all businesses operating in the area in 2008 over 97% came from the private sector.

Considering the competitiveness of the Poviat of Gryfiński with regard to the business saturation, it only ranks on the 16-th place in the voivodship. On average, the Poviat has 96.9 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Gryfiński is a weakly developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Poviat of Gryfiński in 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
All economic subjects	7454	7827	8050
for 1000 people	89,9	94,3	96,9
by economic sectors in % agriculture	5,0	5,1	5,1
industry	24,5	26,6	28,9
services	70,5	68,3	66,0

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 95% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 3.7%, and average businesses only 0.7%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro and small businesses in the Poviat increased, and that of average businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status, it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat of Gryfiński was represented by natural persons running their own businesses (81.2%), with the next place going to trade companies with 5.3%, associations and social organisations with 2.5%, co-operatives with 0.5%, and foundations with 0.1%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 51.0 trading companies for 10000 people in the Poviat, giving it the 7-th place in the voivodship. Compared to 2004, the number increased by 12.2%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 211 such companies in the region, which, when set against 10000 people, gave 25.4 units. Companies with foreign capital accounted for 49.8% of all trading companies in the Poviat, and their number compared to 2004 decreased by 0.5%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Poviat of Gryfiński the firms from the service sector

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were the most numerous with the number of 5.3 thousand they accounted for 66.0% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 59.4% of all businesses in the Poviat, and non-market services by 6.5% of firms. The percentage of firms from the industrial sector was over 28.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails, on average, more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.4 thousand, which was only 5.1% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that over 58% of the firms in the region in 2008 came from three sectors: trading and repairing, services for housing and firms, and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[9]

In 2008 in the Poviat of Gryfiński REGON register 906 new firms were registered, which gave 10.9 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: building 29.5%, trade and repairing sector 22.3%, industrial processing sector 10.8%, services for housing and firms 10.7%, which is recently a generally observed tendency in the whole country.

In 2008 in The Poviat of Gryfiński 780 firms were crossed out from the register. For 1000 people it gave 9.4 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, building sector, services for housing and firms, and industrial processing sector. However, it should be stressed that more firms were registered than checked out.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Gryfiński in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	539	855	906
for 1000 people	6,5	10,3	10,9
All checked out firms	517	571	780
for 1000 people	6,2	6,9	9,4

Source: *Own analysis based on the data from the Central Statistical Office.*

[9] The Report on the condition of small and average firms in Poland in 2006-2007. Prepared by Polish Business Development Agency, Warsaw 2007.

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Using the shift-share analysis, the level of competitiveness of The Poviat of Gryfiński can be assessed. The level is referenced to the Zachodniopomorskie voivodship with respect to the number of national economy subjects according to the PKD classification code. Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are faster than in the voivodship, especially in the building sector (F). Positive indicator KO (competitiveness area) indicates the high competitiveness of the Poviat. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. Unfortunately, due to statistical secrecy, it is not possible to obtain data and analyze the area of economic activity in the Poviat of Gryfiński.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 persons in the Poviat of Gryfiński in 2007 amounted to PLN 161.5 million and were higher than those incurred in 2004 by about 74.4%.

Tab. 6. Investment and gross fixed assets in The Poviat of Gryfiński in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	92,6	178,2	161,5	174,4
in % agricultural sector:	9,6	5,8	11,8	122,9
industrial	69,5	83,4	72,1	103,7
market services	20,6	10,5	15,9	77,2
non-market services	0,3	0,3	0,2	66,7
per capita in PLN	1115	2150	1941	174,1
The gross value of the asset in million PLN	3553,0	3698,4	3795,8	106,8
in % agricultural sector:	3,7	3,2	3,4	91,9
industrial	87,4	87,7	88,4	101,1
market services	8,8	8,9	8,0	90,9
non-market services	0,1	0,2	0,2	200,0
Per capita in PLN	42851	44539	45713	106,7

Source: *Own analysis based on the data from the Central Statistical Office.*

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The highest expenditures were incurred in the industrial sector, then in services (primarily in the market services) and agricultural sector. Since 2004 the expenditure incurred in the agriculture sector increased, while in services – decreased. The volume of investments per capita equals to PLN 1941, and was lower than the average in the province and put Gryfiński on the 9-th place among other Poviats of the Zachodniopomorskie voivodship.

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the district was PLN 3795.8 million and was higher than in 2004 by 6.8%. The highest gross fixed assets were recorded in the industrial sector, then in services (primarily in the market services) and agricultural sector. Compared with 2004, the capital expenditure in the industrial sector increased, while on agriculture and in services decreased. According to the gross worth of fixed assets per capita in 2007, Gryfiński Poviat was on the 2-nd place in the voivodship (after the Poviat of Policki).

The budgets of territorial administrative units.

The opportunities for funding activities in the district can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities).

In 2008, Gryfiński received for the execution of its tasks, 59.8 million PLN (about 25.2% more than at the beginning of the investigation period). It was PLN 720.55 per capita – 17-th place among the Poviats of earthly. The expenditures amounted to PLN 63.0 million of which investment expenditure property constituted 5.7% (16.7% in the voivodship). The growth of the revenues in the Poviat (compared with 2004) was higher than expenditure. Spending per capita placed the Poviat on the 16-th place among the Poviats of earthly.

Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within the Poviat of Gryfiński in 2004, 2006 and 2008 in PLN

SPECIFICATIONS	2004	2006	2008	2004=100
Poviat budget revenue	47767876,00	51863531,37	59819504,65	125,2
per capita	575,47	626,27	720,55	125,2
Poviat budget expenditure	51998099,00	53332928,50	62971576,28	121,1
per capita	626,44	644,02	758,52	121,1
Revenue of municipalities' budgets	171251958,00	179544122,69	209382382,12	122,3
per capita	2063,13	2168,07	2522,10	122,2
Expenditure of municipalities' budgets	169523817,00	182071820,87	210498708,38	124,2
per capita	2042,31	2198,59	2535,55	124,2

Source: *Own analysis based on the data from the Central Statistical Office.*

The budgets of districts of the Poviat of Gryfiński in 2008 drew the joint income equalling to PLN 209.4 million and the amount of income per capita placed the Poviat on the 12-th place in the province. Municipalities spent PLN 210.5 million, in which property investments accounted for an average of 11.5% of the total expenditure budgets of these communes. Compared with 2004, the expenditure of municipalities increased faster than their revenue.

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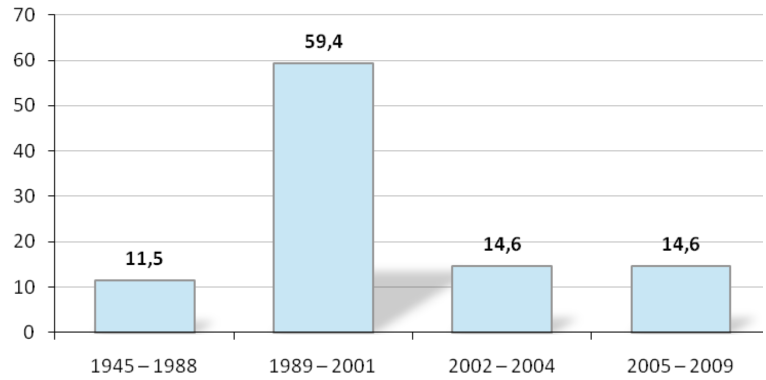
Own research results

A. The State and structure of the economic activity of the companies surveyed

Entrepreneurs and their companies – characteristics of the business

Observing the state of the economic activity of the Poviat companies it is clear that there are years of more and less dynamism in this area. In terms of the number of newly registered companies years 1989-2001 were especially intensive, then 59.4% of the surveyed companies were registered (fig. 2). In the next years there is a rapid reduction in the number of newly created enterprises. It is worth remembering that presented data do not show the absolute increment the number of enterprises – it is known that at the same time a certain number of companies closed down. The companies presently operating in the Poviat are mainly those which have already had some experience connected with functioning for over 8 years on the market – also during low prosperity on the market.

Fig. 2. The year of founding a company



Source: *Own research.*

With regard to the companies in the Poviat, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 84.4% of all companies investigated, then come small companies – 13.5% and the average – 2.1%.

Regarding the type of activities, single enterprises prevail – 81.3% and the remaining 17.7% goes to co-partnership companies (of which 10.4% constituted limited liability companies, 3.1% – particular partnerships, 2.1% of public companies, 1.0% – civil associations and commandite partnership each) and one cooperative.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies supporting services market. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of Gryfiński are as follows:

- commercial sector – 21.9%
- hotels and restaurants sector – 16.7%
- service sector – 15.6%
- construction sector – 12.5%
- protection of health and social welfare sector – 7.3%
- companies in financial intermediation – 6.3%

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- agriculture, hunting and forestry sectors – 5.2%
- industrial processing sector – 4.2%
- education sector – 4.2%
- transport, storing, communication sector – 3.1%
- fishing companies – 1.0%
- real estate sector, renting and business services – 1.0%
- public administration and national defence sector – 1.0%

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows that: 33.3% of companies hire people with higher education, 39.7% with secondary education, 24.6% with vocational education. In addition, in 2.4% of enterprises employ persons with primary education.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Gryfiński in 2008 in the case of 7.3% of companies the employment declined, then increased in 5.2% but in 87.5% of the surveyed companies there was no personnel traffic.

The main causes of the reduction in the number of workers were:

- the issues of external problem with
  - disposal of products and services – 14.3%
  - seasonal nature of work – 14.3%
- internal issues:
  - unprofitability of the production and sales – 28.6%
  - dismissing employees on their own request – 28.6%
  - the lack of funds – 14.3%

In turn, the increase of employment in the company was due to the extension of the scope of their activities or the increasing demand for the products or services.

These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, besides in the Poviat there are natural factors for traffic personnel (retirement, leaving at own request). It is worth stressing that large personnel fluctuation is not a favourable factor to business efficiency and indeed has negative consequences for companies.

The declarative dynamism in employment within the next three months, and the nearest year is satisfying because only 1.0% of the surveyed plan to reduce the number of employees (only in the context of 3 coming months). Moreover the respondents (in both periods of time) declare maintaining the level of employment in relations to 3 months – 87.5%, in respect of 12 months – 81.1%. In turn, the forecast on growth in employment varies, as in the context of

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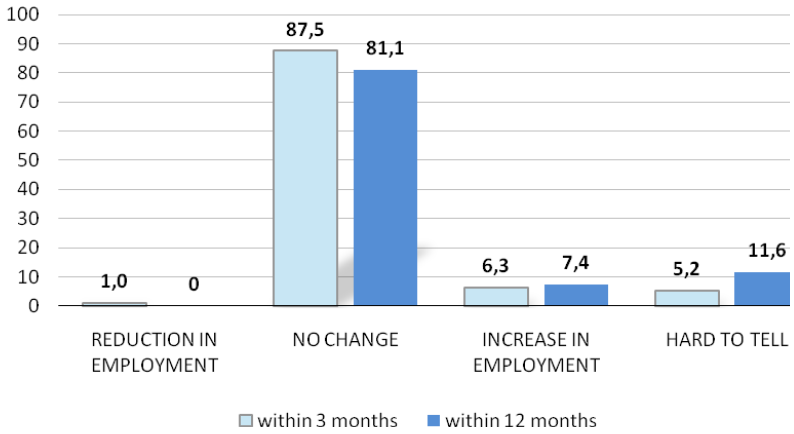
3 coming months 6.3% of respondents predict the increase of employment, in regard to subsequent 12 months the number of indications increases to the level of 7.4%. In addition, approximating percentage of the respondents 5.2% and 11.6% in the context of 3 and 12 months respectively cannot predict employment dynamics (fig. 3).

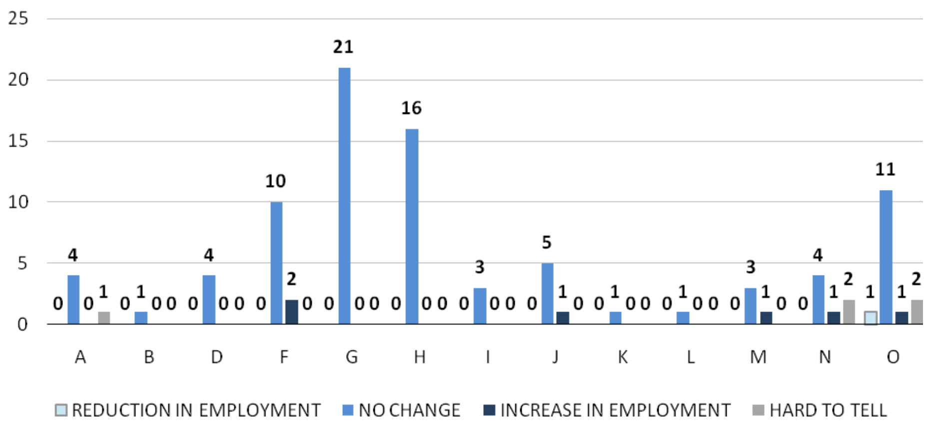
Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates (fig.4). The reduction in employment is expected only in one firm in section O – Services and activities like: municipal, social, individual and other. A waiting attitude is dominant among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

However, it should be noted that there are more companies which expected a future increase in employment than those expressing an opposite view. The biggest group expecting

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the growth in employment came from section F – Construction, J – Financial intermediation, M – Education, N – Health service and social welfare and O – Services and activities like: municipal, social, individual and other.

The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the Poviat of Gryfiński the need for specific professions is what follows: unskilled workers, machinery operators and assemblers and in individual cases: office workers, natural sciences and environment specialists and health services, higher office workers and managers.

Depending on the wanted specialities, professional qualifications employees should have: secondary technical education and preferably compatible with the profile of the company – 25%, should have some previous experience in the job– 18.8%, vocational education compatible with the company profile, special courses preparing them for given work, a driving licence cat. C, E, and permissions for handling machinery and equipment – 12.5% each; and also higher professional education compatible with the company profile and with formally confirmed knowledge of a foreign language.

Obviously, seeking new employees may be done internally (the so-called internal recruitment) and by external recruitment (seeking employees on an external labour market). With regard to the Poviat of Gryfiński the analysis refers to external recruitment process. The firms looking for employees use mainly passive forms of finding workers – using advertisements in the press (17.6%), putting advertisements in the press (16.2%), using Work Centre (UP) (12.5%), persons concerned come to company themselves (8.8%), they were recommended by others (10.3%). The remaining group – over 34% did not seek workers

The company's development potential – the company's remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this is the so called sensitive variable, which is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. With regard to the Poviat about 25% of respondents refused to answer. However, the obtained responses suggest that the salaries during the past and current years were given some level of dynamism. In 2008 the salaries increased in 18.8% cases, in 2009 the number has been 3.2% of the surveyed. In the context of the economic crisis, a strongly positive fact is the declaration to leave salary levels unchanged: in 2008 55.2% of the respondents froze the salary, but with regard to 2009 such intention was declared by as many as 67.4% of the respondents.

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	18,8	3,2
Were reduced	2,1	0
Unchanged	55,2	67,4
Refusal to answer	24,0	29,5

Source: *Own research.*

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An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human resources management. It is of course a cost-generating item, but in the long term enhances business. In the Poviat of Gryfiński 58.3% of the surveyed companies do not use this type of solutions. 39.6%, declare using training but taking into account only essential training: the hygiene and safety at work place, finance, maintenance of machinery and equipment, marketing, accounting, computer skills, pharmaceutical training, managing, sales and customer services and special branch trainings. This list of issues indicates that companies by sending employees to such courses protect the interest of the company, but also equip their staff with expertise, from which they can draw in the course of their career. It is worth noting that the courses and training are of a wide range of topics and skills. This may suggest a high awareness of improving skills needed in further careers. The representatives of the surveyed companies, and at least most of them, apparently appreciate the importance of this process.

Today, in the time of rapid growth of the importance of technology in the functioning of societies, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. The relatively new technologies being used in enterprises in the Poviat of Gryfiński describe the potential of these companies as follows: 45.3% of companies use modern technological lines purchased in 2008/2009, 31.6% – within five years and 5.3% of companies use technological lines purchased before 2004. In terms of modernity procuring data are as follows:

- machines and modern devices – purchased in 2008/2009 – 50% of companies,
- machinery and equipment used from 3 to 6 years – 37.5% of companies,
- machinery and equipment used from 7 to 10 years – 6.3% of companies,
- machinery and equipment used for over ten years – 2.1% of companies.

From the presented data emerges a picture of companies that keep pace with the challenges of the market, by adjusting their solutions to modern requirements. However, the fact that 17.9% of the respondents not being able to determine the applicable company technology and 4.2% of the respondents could not specify the technological state of the machinery used in their company raises the concern that they did not want to admit to using in their companies outdated and old solutions which are generally disapproved of. This category cannot be firmly associated with the companies using the machinery and equipment older than 10 year. However, it can be assumed that a significant proportion of them are just such company.

B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Gryfiński the choice of location for their activity was determined by:

- the residence of the owner – 33.0%,
- the opinion that the Poviat of Gryfiński is a good location – 24.4%
- the availability of cheap labour – 21.5%,
- the availability of markets – 12.4%,
- the availability of supply – 4.3%.

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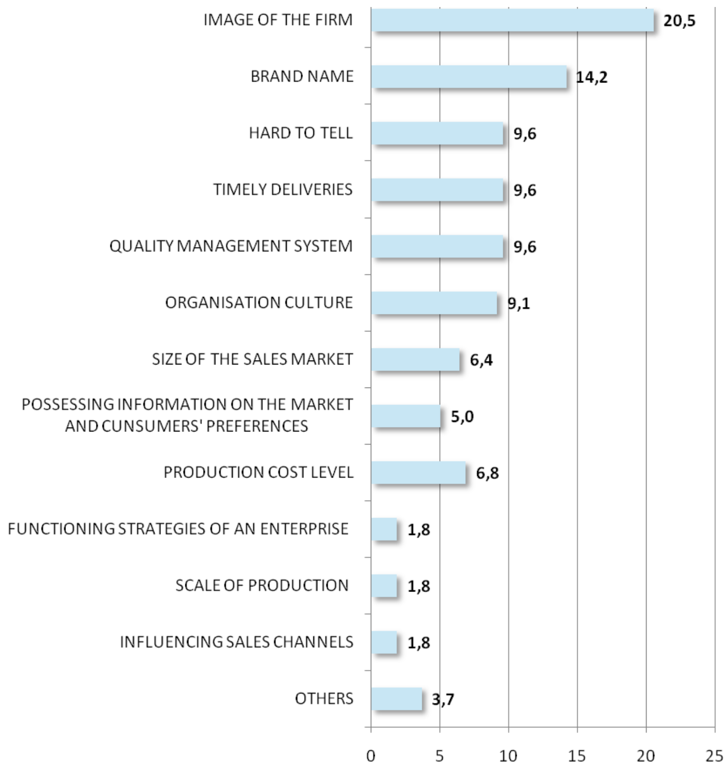
The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market.

The presented data show that companies in The Poviat of Gryfiński knowingly or unknowingly apply a strategy for building a quality advantage, that is, they seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality (fig. 5). Presented data show a big divergence in provided answers, which may suggest that companies estimated the competitive edge in an individual way. Operating in the same area (Poviat) does not lead to creating a common platform for building competitiveness. However, it should be noted that a relatively large group of the respondents – 9.6% was unable to determine what the main factors to gain competitive advantage are.

Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

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Most of the surveyed companies estimate their level of competitiveness as that of a local competitiveness – 71.1%. In the opinion of the respondents there are 14.0% of companies with competitiveness on the voivodship level, and 9.9% of the respondents feel competitive in relation to the entire country. The dimensions of European competitiveness – as felt by the researched – are very meagre – only 1.7% of the respondents believe that they are competitive markets in the European Union. The remaining 2.5% of the respondents believed that they are not competitive.

Thus, the main competitors of the companies in the Poviat of Gryfiński are other local companies – 94.8%, and companies from Western and Eastern Europe and non-European countries are seen as a potential competitor by single respondents.

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses. Among the surveyed companies 18.4% declared that they do not encounter any problems in their business activities; however, the remaining 81.6% of the respondents had some difficult or critical moments .

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- strong domestic and foreign competition – 13.2%,
- heavy bureaucracy – 10.5%,
- uncertainty overall economic situation – 10.5%,
- inadequate domestic demand – 9.5%,
- no concept of development for cities/municipalities – 4.2%.

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications):

- the lack of professional staff – 5.8%,
- difficulties in accessing funds necessary to operate – 3.7%.

The biggest difficulty for the surveyed businesses is learning to function in a free market economy, where experiencing strong competition mechanisms is a norm, and the inherent pressure and constant risks are unavoidable. In addition, the current economic crisis also affects the functioning of enterprises by changing the value of each element of the market, especially the value of demand and supply. Interestingly enough the surveyed expressed the opinion that they experience a lot of difficulties in their business caused by public institutions – in particularly such as: heavy bureaucracy and high taxation. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, frequent problems, generated by the State and its institutions.

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. In the Poviat of Gryfiński the main practice in these situations are: reorganisation of the establishment – 19.2%, reducing investment expenditure – 15.0%, or cessation of investment – 7.5%, and the decrease in the level of employment – 5.8%,.

This means that to a great extent, the reaction to crises is restricting an aspect of activity, which is a passive strategy. Active methods comprise only insuring investments – 0.8% of indications.

It is worth to recommend active strategies, which to some extent secure against the effects of the volatile environment. Not taking any concrete action in a crisis is a much more unfavourable phenomenon – and such passivity is owned up to by as many as 30.0% of the

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surveyed. In addition 18.3% of the surveyed cannot completely define the way of tackling difficult situations, namely 48.3% of the surveyed knowingly or unknowingly apply a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 50% of the surveyed conclude that the situation of the company during the last 6 months has not changed, and 19.8% say that it has clearly improved. However, the opposite opinion was voiced by 27.1% of the surveyed which is a relatively large group. 3.1%of the respondents couldn't answer this question. It is clear that the assessment of the socio-economic conditions depends on one's own subjective business experience.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for the item and service – 52.8%
- increase in prices of materials and raw materials – 16.79%
- the change of the euro/zloty rate – 8.3%
- increase in fuel prices and energy – 5.6%
- crisis – 5.6%

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 55%,
- prices of materials and raw materials – 10%
- acquisition of investors – 10%

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

It is generally known that the companies function in a particular external environment – a socio-economic surrounding, whose quality affects the functioning of companies. In this regard by the most of the surveyed – 49% – the economic situation in the region during the last 6 months deteriorated, by 46.9% – has not changed and only by 4.2% of the surveyed it improved. Such a large share of negative opinions on the previous year indicates that companies from the Poviat very quickly felt the negative effects of economic slowdown that occurred in 2008. Undoubtedly this occurring proves close links with the world economy, even if they are only of indirect kind.

Respondents forecast how the economic situation in Zachodnipomorskie voivodship will change over the next 6 months. The results allow moderate optimism, negative scenarios predicting a deteriorating economic situation in Zachodniopomorskie voivodship were expressed by 17.7%, and 60.4% thought that the situation in the projected period would not change, 15.6% of the surveyed believes that it will improve, and 6.3% of the respondents –have difficulties in outlining future prospects.

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Academically interesting is the attempt to observe the pace of changes in demand for services/products offered by the company in respect to the same period last year. The increase in the level of demand was mentioned by 15.6% of the surveyed, and the reduction by 34.4%, and the most numerous group cannot see any changes in the volume of demand – 45.8%. The remaining 4.2% of the respondents did not know how to estimate the changes in the context of the past year.

The respondents were forecasting the changes in demand for services/products offered by the company in respect to the same period next year. The obtained distribution of variables points to the change of the situation, 27.1% considers that the demand should rise, 53.1% that the volume of demand does not change, but there are considerably fewer persons awaiting the decline of it – 10.4%. The number of people who cannot estimate the dynamics of demand went up slightly (increased from 6.3% to 9.4%).

One of the major factors determining the development potential of companies is the level of investment. In order to strengthen the position on the market, and not to be pushed off it by competition, a company must take pro-development actions, and one of these types of actions are investments. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and in relation to local and regional development. The benefits of adequately realised investments are obvious and usually mean strengthening the position of the company on the market. No investment always results in the stagnation and the alienation from the market.

The primary (but not the only) way to invest is increasing the resources of tangible fixed assets of the company. In this regard companies of the Poviat of Gryfiński are on an unsatisfactory level, a relatively big group of 43% of the surveyed companies were no investments at all, but the companies of the Poviat of Gryfiński which do invest usually choose the following goods – ranked by the frequency of indications:

- equipment (furniture, appliances) – 31.6%,
- buildings, land – 14.0%,
- vehicles – 11.4%.

Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). 27.7% of the respondents pointed out that the expenses incurred were below PLN 5 000. Next groups of respondents declare increasingly higher amounts: 55.3% invested in the development of their company from PLN 5 000 to PLN 50 000 and 10.6% – PLN 50 000 – 500 000. An expenditure of more than PLN 500 000 was declared by 4.3% of companies. No doubt this is a small volume of work and the lack of sufficient cash resources to spend on enterprise development.

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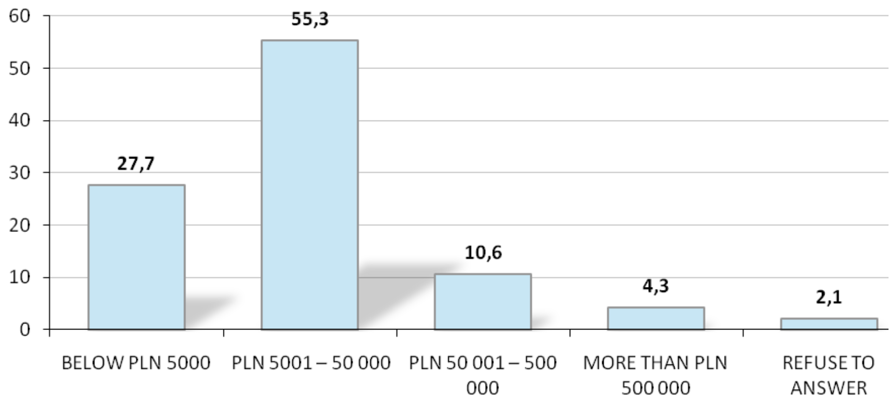
Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

The respondents also forecast possible investments in the course of the next six months. The resulting data are worrisome, because 58.9% of the surveyed companies will not plan over the next six months to incur expenditure for the purchase, lease (leasing) or refurbishment of the vehicle(s), equipment or immovable property, while 23.2% of the surveyed declares such intentions, and 17.9% cannot answer this question. If entrepreneurs understand the importance of investment, then the lack of investments of this type will inevitably lead to the inability of increasing already existing fixed assets of the company.

On the basis of subjective experience respondents also made a forecast for the situation regarding their own company for the next 3 years.

- it will be better than today 25.3%
- the situation of the company will be similar to the present 23.2%
- it will be worse than today 1.1%
- hard to tell 50.5%

A worrying signal emerging from the analysis of the compiled data is the significant number of enterprises (50.5%) which are not in a position to evaluate their own development in relation to the relatively near future. It poses the question of the firms' ability to make strategic planning in relation to the prospects for development.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel.

Partnerships and networking economic links among enterprises should be included to the external growth strategy, and what regards its duration and dimension, it can be in the form of short or long-term cooperation and it may be developed to a different extent.

In this regard the Poviat of Gryfiński compares rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within

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local or global networks. The overwhelming majority – 77.5% of the surveyed companies do not co-operate with other entities. In respect of the remaining companies that undertake to cooperate with other firms, they do it with: consulting companies (5.9%), self-governing organisations (5.9%), companies operating in the region (3.9%), self-governing units (2.9%)

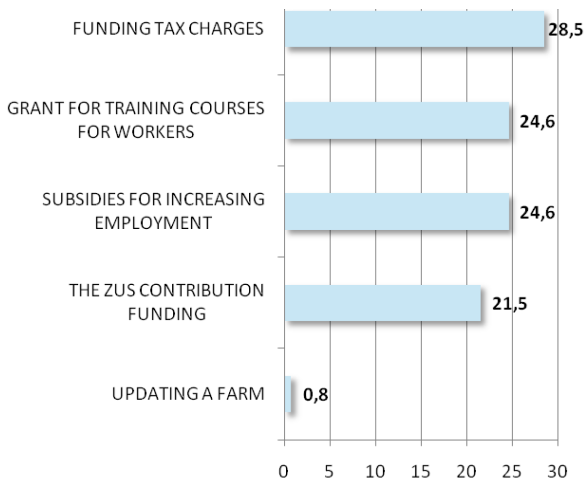
Another important issue characterizing entrepreneurs is the applied form of cooperation with companies in the region. The overwhelming majority of the surveyed companies do not co-operate with other entities. In respect of the remaining companies that do undertake some form of cooperating with other firms, in the form of joint-venture – 6.3% and subcontracting – 2.1%.

The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to low use of support from public institutions. The vast majority – 80.6% of the respondents declare that they do not use the available forms of support, 7.1% of companies benefited from an increase in employment in the company, 3.1% – funding to Social Insurance contributions (ZUS), 2.0% – tax levy funding.

As these data relate to the three previous years, their negative values are especially worrying. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. A partial answer to this question is the statement that 20.2% of the surveyed cannot indicate any form of support from the units of local self-government, which could help the company's activities. Among the respondents who preferred some forms of support the figures were: funding tax charges – 28.5%, grants for training courses for workers – 24.6%, subsidies to increase employment – 24.6% and the ZUS contribution funding – 21.5% (fig. 7)

Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

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The extent of economic exchange

Economic exchange in the EU in done on a common internal market, which first covers the entire EU territory, and the second is based on the principle of the four freedoms: the movement of goods, persons, services and capital. Therefore, the analyzed districts seem to be participating in this area on the principles of free competition.

Exchange enterprise conducted by members of the trade in the discussed Poviat is limited spacewise – 88.5% of the surveyed companies did not have any international exchange experience, 6.3% of them had some goods or services export experience, 4.2% of them had goods or services import experience, and 1% export-import of goods or services. The few companies which do export their products sent them mainly to: Germany (63.6%), and Russia, Denmark, Sweden, Ukraine – by single respondents.

71.4% of the respondents expect that over the next 6 months their exports will remain unchanged and 28.6% of the respondents cannot specify directions in the dynamics of export.

Innovation in enterprises

As already mentioned the competitiveness of enterprises is determined by many external and internal factors. The first group of factors contains the State policy and the condition of the available infrastructure, to the other the firms' internal factors e.g.: management, floating capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is a crucial factor for development, since it determines not only the pace and directions for economic development in an individual sense, but also on local, regional and international levels.

The innovation rate in business in the area of the Poviat of Gryfiński is very low, because only 9.4% of companies declare that in the period of 2007-2009 they applied some innovations, the remaining 90.6% did not take any innovative actions. In respect of the companies which applied some form of innovation, the source of their innovation was: purchase of licenses, purchase technology and also foreign partners.

The main reason for applying innovation on such a small scale is the inability to finance innovative businesses – 29.2% of answers, too large risks associated with the implementation of innovation – 5.2% and the lack of potential interest in new products/services from client – 3.1%. A large number of the respondents (57.3%) were not able to diagnose reasons preventing them from taking innovative actions.

Activating entrepreneurs of the Poviat in question to take innovative actions has more chances of success, if done in co-operation with other entities. And the pace of growth for innovations and new technologies in specific enterprises is dependent, among others, on institutional funds spent on research, development and innovation.

58.3% of the respondents do not have any expectations as for the form of support in their collaboration with others in applying innovations, and 34.4% cannot answer this question. And therefore as many as 92.7% of all respondents of the Poviat of Gryfiński have no rudimental knowledge on the role of innovative behaviour and the importance of cooperation with other entities in the field of innovation. The remaining group of the respondents expects as follows: 4.2% pointed to the need to build a system of information on technological companies and for 3.1% would appreciate the creation of programmes to promote technological development at the level of municipalities. In regard to a small number of respondents who replied to this question, it

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should be noted that the level of knowledge in this respect is far too small, and underestimating the importance of innovation may adversely affect the economic growth of the Poviat.

However, it should be noted that the Poviat of Gryfiński in the vast majority (78.1%) declares using the advantages of modern IT tools such as the Internet. Companies from this group of respondents have their own websites, continually benefit from various types of search engines and Web browsers and e-mail. 21.9% of the surveyed companies do not comply with the standards considered elementary in modern economies, because they still do not use multimedia tools such as the Internet.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The picture which emerges from the analysis of the situation is pessimistic. Unfortunately, 82.7% of the surveyed companies in The Poviat of Gryfiński have never used EU structural funds. The remainder (over 13%) admits to having used the funds primarily for: the development of internal infrastructure and increasing employment – 4.1% each, the purchase of land and real states – 2.0%, to enhance the staff qualifications, starting business and renovation – 1.0% each.

Such a low level of the use of funds is not caused by the lack of interest in this type of proposals – 40.8%. On the other hand, the entrepreneurs who use EU grants (over half of the respondents – 58.2%) defined the barriers limiting their effective mobilising of the resources (the following factors are organized by declining importance):

- bureaucracy and ambiguity of EU request forms – 22.5%,
- short term preparation – 15.9%,
- the necessity of own contribution – 13.9%,
- limited access to information about programs – 9.3%,
- the cost of preparing an application – 7.9%.

As shown above, the previous experience of the entrepreneurs in the Poviat of Gryfiński with applying and using EU structural funds is not very positive. A significant proportion of the companies, indeed, have no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

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Summary

The assessment of the socio-economic situation of the Poviat of Gryfiński in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the Poviat, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

- the increase of population caused by positive birth rate;
- changes in the population age structure – permanently decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over
- the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

- the increment of the rate of the number of working for 1000 people, which can suggest greater employing propensity of firms,
- the growth in average monthly gross salaries,
- a systematic decline in the number of unemployed people (11-th place).
- The deficit jobs in 2008 in the Poviat of Gryfiński were in such big professional groups as: office support staff and supportive workers in trade and services. There was a balance in the case of the vocational teachers and instructors. The highest surplus went to such groups as: auxiliary workers in agriculture, farmers and fishermen working for their own needs and executives of small and medium-sized factories. In comparison to 2004 the average surplus intensity rate hardly increased and it was the lowest in the region.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential. However, there were clear indications of the economic upturn, evident from the analysed economic indicators like: the growth in the number of economic subjects, the increase of investments in companies and higher than in 2004, the gross value of fixed assets. It should be noted, however, that the income and expenditure budget of the Poviat and its municipalities was very low; underfinancing the area can result in an inadequate support for socio-economic development.

Another conclusion from this analysis is that the development of entrepreneurship in the Poviat will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat of Gryfiński, allows to indicate some specific features for this group. The surveyed firms are engaged primarily in service sectors, with a dominating role of tourism. The commonest are micro enterprises, registered in the form of a natural person establishments. A significant proportion of the structure of the surveyed companies have enterprises with previous experience in business, which are present in the market for over 8 years. The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail, but the optimists outnumber the respondents predicting redundancies.

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Considering the respondents' answers, it can be concluded that business activity is hampered by both market factors (strong competition, limited demand) and administrative factors (high load on the State budget, too heavy bureaucracy) and positive examples of the support obtained from public institutions were rare. From the voices coming from representatives of companies it is clear that for most of them the State (and its different agencies) does not have any interesting forms(or at least it is not known) of supporting business enterprising. Generally the company's focus is primarily on consolidating its place on the market, and the co-operation and partnership with other enterprises or public institutions are rare occurrences.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is a small share of innovative solutions used in businesses.

It should be noted that the situation of companies and their prospects for development should not be seen solely in the context of economic considerations. When planning activities whose purpose is to support the development of the economy, you must also take account of social phenomena. It seems that the key problem areas include: the relationship of employers with their employees, as well as with public institutions, and the business environment. It seems to be advocating some action aiming at changing the mindset, the mentality of many entrepreneurs and executives – also in relation to practical aspects of running a business, management, strategic planning, etc. It is also noted that there should be some breakthrough in antagonisms occurring now between the main actors on an economic stage (e.g. entrepreneur-workers, entrepreneurs-officials, entrepreneurs-banks).

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate to much different rules from those of small and medium companies;
2) a series of institutional and procedural barriers need removing in the process of setting up and running a business both at national and local levels;
3) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
4) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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3. The Poviat of Kamieński

Introduction

Territorial Division

The Poviat of Kamieński is situated in the north-west of the Zachodniopomorskie Voivodship It borders with two neighbouring Poviats: Goleniowski and Gryficki and the town of Świnoujście. It also borders with the Baltic Sea. In 2008 it covers the area of 1003 sq. km, which accounts for 4.4% of the area of the whole voivodship, and has the population of 47.8 thousand which is 2.8% of the whole voivodship population. With these figures the Poviat of Kamieński ranks on the 12-th (together with the Poviat of Gryficki) and 13-th place respectively in the whole voivodship.

The Poviat consists of six communes: urban-rural Dziwnów, Golczewo, Kamień Pomorski, Międzyzdroje and Wolin communes and a rural one: Świerzno. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 96.5% and put this Poviat on the 11-th place in the voivodship. Respectively the urban area ratio was on the level of 4.2% which meant the 7-th place in the voivodship.

In the whole Poviat there are 148 towns and villages with the proportion of 143 villages and five towns: Dziwnów, Golczewo, Kamień Pomorski, Międzyzdroje and Wolin. The capital of the Poviat of Kamieński is Kamień Pomorski. The Poviat is geographically favourable situated because very important communication routes meet in its area[10].

Fig. 1. Administrative borders of the Poviat of Kamieński
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect to all entrepreneurs taking part in the research. In the analysed population, the gender regression is somewhat asymmetrical: 51.2% of men and 48.8% of women. The shape of the next variable, namely the age, indicates the dominance of people in the so-called middle age, the most numerous was the category of the people aged between 46 – 55 years – 38.1%, The remaining age groups are represented by the less numerous numbers of respondents – aged

[10] *The plan for the Poviat of Kamieński local development for years 2007-2013*. Kamień Pomorski, 2006.

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between 36-45 – 21.4% and aged between 56-65 – 16.7% With regard to all respondents, most of them had a secondary education – 45.2%, and university education – 33.3%, a vocational education – 19.0%, and primary education – 2.4%. The last variable is the job or post they hold. Thus there were 75.0% of firm owners, 7.1% of chief accountants and 15.5% of people responsible for talks in the company.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 the Poviat of Kamieński population slightly decreased (by 0.2%). According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

The Poviat of Kamieński belongs to sparsely populated areas, the average population density rate in 2008 was 48 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level.

In 2008 the Poviat of Kamieński all city population was 25.3 thousand people, which in turn determined the urban demographic rate on the level of 52.9%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, the Poviat of Kamieński seems to be a region of low urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rate the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in the Poviat of Kamieński in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	47929	47599	47820
Urban demographic rate	52.8	52.7	52.9
Rural demographic rate	47.2	47.3	47.1
Population density per 1 km^2	48	47	48

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological and economic age groups. As for the first criterion, the following age groups can be distinguished: 0-14, 15-64, and 65-plus. This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 1.0 thousand, and its general ratio to the total population of the region fell from 17.2% to 15.1%. In the next age group, i.e. age 15-64, there was a slight increase from 34.3 thousand to 35.1

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thousand in the respective years. However, the ratio of this group to the total population increased from 71.6% to 73.4%. The last age group population, i.e. age 65-plus increased by 2.3% and its ratio to the total population went up from 11.2% to 11.5%. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Poviat of Kamieński the percentage of people in the pre-productive age group was 19.1% (in the voivodship – 19.1%), in the productive age group – 66.7% (65.9% in the voivodship) and in the post-productive age group – 14.2% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 1.5%) and post-productive age group (by 1.2%), and a simultaneous decrease in the pre-productive age group (by 2.7%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in the Kamieński 499 new children were born, which accounted for a 10.2% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 10.3 live births (10.8 in the voivodship) and only 9.4 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in a given area. In the years 2004-2008 in the Poviat in question there was an increase of the death rate by 4.0%. For each 1000 inhabitants in 2008 there were 9.7deaths (9.7 in the voivodship), and only 9.3 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Kamieński in all the years in question amounted to over 50%.

The population growth, based on the number of live births and the number of deaths in the Poviat of Kamieński in 2008 was positive (31 people) and compared to that from 2004 had increased. After conversion for each 1000 people, the growth ratio was on the level of 0.6 (1.1 in the voivodship), in 2004 – 0.1.

Tab. 2. Natural migration of people in the Poviat of Kamieński in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	9.4	9.9	10.3
Total death rate for 1000 people	9.3	9.7	9.7
Natural growth rate for 1000 people	0.1	0.2	0.6

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the Poviat of Kamieński in 2008 the total migration rate was positive and amounted to 44 people, which was caused by the inflow of people from other Poviats in the voivodship or other parts of the country. For each 1000 people in the Poviat the migration rate was 0.9 people, whereas in the voivodship it was negative (-0.8 people).

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The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent make the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Kamieński Poviat in 2007 there were 5.3 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 2.3%. In the analysed period there was a significantly bigger increase in the employment of men.

For each 1000 people in 2007 there were 112 people employed in the firms with nine and more workers, which ranked the Poviat on the last place in the voivodship (with the average rate for the Zachodniopomorskie Voivodship 193 employed in nine-plus firms for each 1000 people). The analysis of the employment rate shows its growth compared to 2004 (but much lower than in the voivodship).

Tab. 3. Workers and salary in the Poviat of Kamieński in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	5224	5552	5343	102.3
men	2362	2559	2454	103.9
women	2862	2993	2889	100.9
Workers together with individual agriculture	6600	6928	6719	101.8
in% of the agricultural sector	24.2	23.5	24.3	100.1
industrial	14.2	17.5	15.0	105.6
supporting	61.6	59.0	60.8	98.7
Average monthly gross salary of PLN	1940.03	2068.45	2209.45	113.9

Source: *Own analysis based on the data from the Central Statistical Office.*

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Kamieński Poviat in 2007 the number of people employed was 6.7 thousand. The employment structure by economic sectors shows that 24.3% of the employed worked in agriculture (whereas in the voivodship – 11.8%), 15.0% in industry and 60.8% in services. Since 2004 the employment in the industry sector increased and slightly in the agriculture sector, but in services decreased.

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was 2209.45 and it was

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more than in 2004 by 13.9% (a similar increase was for the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by PLN 406.00). With respect to the pay rate, the Poviat was on the 13-th place.

In the Poviat of Kamieński, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 3716 people unemployed (in which women made 62.2%). Since the beginning of the analysed period the number of unemployed dropped only by 39.5% (by 54.8% in the voivodship), and the drop referred mainly to male workers. 55.2% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the increase – the percentage of unemployed people living in villages was higher than in 2004.

The registered unemployment rate in the Poviat in 2008 was 23.1% (with the average for the voivodship 13.4%) and ranked the Poviat on the 16-th place in the Zachodniopomorskie Voivodship. By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a slight decrease of the unemployed not entitled to state welfare money (by 1.5%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still worryingly big – in 2008 it was 82.1% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 5.9%) and slightly in the group aged 25-34, and a decrease in other age groups (the biggest drop in the group aged 35-44). There were also more unemployed people with secondary education, university education (and slight increase in people with gymnasium education and lower) and fewer unemployed with vocational education.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and job offers made to the Poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in the Poviat of Kamieński were only found in such big professional groups as: vocational teachers and instructors, office support staff, executives of small and medium-sized factories, money market and customer service. There was a balance in the case of the following groups: machinery; mining and processing device operators. The highest values of the surplus intensity rate were found in such professional groups as: auxiliary workers in agriculture, farmers and fishermen working for their own needs and also farmers, gardeners, foresters and market oriented fishermen. In comparison to 2004 the average surplus intensity rate hardly increased, which means only a small improvement for the unemployed on the job market.

Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In the Kamieński Poviat in 2008 in the REGON register there were 6.9 thousand firms and businesses which accounted for only 3.2% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 7.7% (with 5.5% in the

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voivodship). From among all businesses operating in the area in 2008 over 96.0% came from the private sector.

Considering the competitiveness of the Kamieński Poviat with regard to the business saturation, it only ranks on the 5-th place in the voivodship. On average, the Poviat has 144.4 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Kamieński Poviat is a well developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Poviat of Kamieński in 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
All economic subjects	6416	6607	6907
for 1000 people	133.9	138.8	144.4
by economic sectors in % agriculture	6.3	5.9	5.3
industry	14.7	15.8	18.3
services	79.0	78.4	76.4

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 96% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 3.0%, and average businesses only 0.5%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro and small businesses in the Poviat increased, and that of average businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status it was observed that in 2008 in the economic subject structure the most numerous group in the Kamieński Poviat was represented by natural persons running their own businesses (81.5%), with the next place going to trade companies with 3.3% associations and social organisations with 1.7%, co-operatives with 0.7%, and foundations with 0.1%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 48.1 trading companies for 10000 people in the Poviat giving it the 8-th place in the voivodship. Compared to 2004, the number increased by 21.1%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 89 such companies in the region, which, when set against 10000 people, gave 18.6 units. Companies with foreign capital accounted for 38.7% of all trading companies in the Poviat, and their number compared to 2004 increased by 11.3%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Poviat of Kamieński the firms from the service sector were the most numerous. With the number of 5.3% thousand they accounted for 76.4% of all

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registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 69.9% of all businesses in the Poviat, and non-market services by 6.5% of firms. The percentage of firms from the industrial sector was 18.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails on average more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.4 thousand, which was only 5.3% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that nearly 70% of the firms in the region in 2008 came from four sectors: trading and repairing, hotels and restaurants, services for housing and firms and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[11] In 2008 in the Poviat of Kamieński REGON register 615 new firms were registered, which gave 12.9 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: building 27.8%, trade and repairing sector 20.8%, hotels and restaurants 16.6%, services for housing and firms 8.5%, which is recently a generally observed tendency in the whole country.

Each year new firms are registered into and out of the REGON database. In 2008 in the Poviat of Kamieński 533 firms were crossed out from the register. For 1000 people it gave 11.1 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, hotels and restaurants and building. However, it should be noticed that more firms were registered than checked out.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Kamieński in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	455	590	615
for 1000 people	9.5	12,4	12.9
All checked out firms	3.4	4,5	5.3
for 1000 people	6.8	9,6	11.1

Source: *Own analysis based on the data from the Central Statistical Office.*

[11] *The Report on the condition of small and average firms in Poland in 2006-2007*. Prepared by Polish Business Development Agency, Warsaw 2007.

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Using the shift-share analysis, the level of competitiveness of the Kamieński Poviat can be assessed. The level is referenced to the Zachodniopomorskie Voivodship with respect to the number of national economy subjects according to the PKD classification code.

Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). The level of competitiveness of the area (KO) illustrating the differences between the growth rate in the Poviat in comparison to the voivodship is high, and its positive value shows high competitiveness of the Poviat. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. Due to the statistical confidentiality of the Poviat's industrial production sold in 2007, the analysis was only based on the information from 2006. In the Poviat of Kamieński in 2006 the industrial production sold was worth PLN 156.1 million and it was only 0.8% of the total production sold in the voivodship. Compared to 2004 there was an increase in the production sold in the Poviat by PLN 7.2 million, the Poviat's contribution to the production sold in the voivodship did not change.

The industrial production sold for one person was in 2006 PLN 3280.00 (with the average for the voivodship PLN 11752.00). That gave the Poviat the 18-th place.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 persons in the Poviat of Kamieński in 2007 amounted only to PLN 50.1 million and were higher than those incurred in 2004 by 21.9%.

The highest expenditures were incurred in the services (primarily in the market services), then in industrial and agricultural sectors. Since 2004 the expenditure incurred in services increased, in the industrial and agriculture sectors decreased. The volume of investments per capita equals to PLN 1053.0 and was lower than the average in the province and placed Kamieński on the 14-th place among other Poviats.

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the district was PLN 446.4 million and was lower than in 2004 by 5.4%. The highest gross fixed assets were recorded in services (primarily in the market services) then in the industrial and agricultural sectors. Compared with 2004, the capital expenditure on industry increased, in the agricultural sector and services decreased. According to the gross worth of fixed assets per capita in 2007, the Poviat was on the 16-th place in the voivodship.

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Tab. 6. Investment and gross fixed assets in the Poviat of Kamieński in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	41.1	28.4	50.1	121.9
in % agricultural sector:	3.4	3.9	2.2	64.7
industrial	35.1	46.1	34.5	98.3
market services	59.1	40.8	61.1	103.4
non-market services	2.4	9.2	2.2	91.7
per capita in PLN	856	597	1053	123.0
The gross value of the asset in million PLN	471.8	456.3	446.4	94.6
in % agricultural sector:	9.0	4.0	7.1	78.9
industrial	28.2	34.0	35.2	124.8
market services	55.9	54.7	49.4	88.4
non-market services	6.9	7.3	8.3	120.3
Per capita in PLN	9843	9587	9365	95.1

Source: *Own analysis based on the data from the Central Statistical Office.*

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities).

In 2008, Kamieński received for the execution of its tasks, 46.2 million PLN (about 37.2% more than at the beginning of the investigation period). It was PLN 968.06 per capita – the 5-th place among the Poviats of earthly. Expenditures amounted to PLN 46.8 million of which investment expenditure property constituted 24.4%. The growth of expenditure and revenues in the Poviat (compared with 2004) was nearly the same. Spending per capita placed the Poviat on the 4-th place among the Poviats of earthly.

Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within the Poviat of Kamieński in 2004, 2006 and 2008 in PLN

SPECIFICATIONS	2004	2006	2008	2004=100
Poviat budget revenue	33682239.00	39141280.91	46201614.20	137.2
per capita	702.01	822.23	968.06	137.9
Poviat budget expenditure	33943871.00	41704710.84	46817610.86	137.9
per capita	707.46	876.08	980.97	138.7
Revenue of municipalities' budgets	99386235.00	116159298.11	151602319.90	152.5
per capita	2071.41	2440.12	3176.51	153.4
Expenditure of municipalities' budgets	93195632.00	121256988.65	163524792.18	175.5
per capita	1942.38	2547.20	3426.33	176.4

Source: *Own analysis based on the data from the Central Statistical Office.*

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The budgets of districts of the Poviat of Kamieński in 2008 drew the joint income equalling to PLN 151.6 million and the amount of income per capita placed the Poviat on the 2-nd place in the province. Municipalities spent PLN 163.5 million, in which property investments accounted for an average of 29.4% of the total expenditure budgets of these communes. Compared with 2004, the expenditure of municipalities increased more than their revenue.

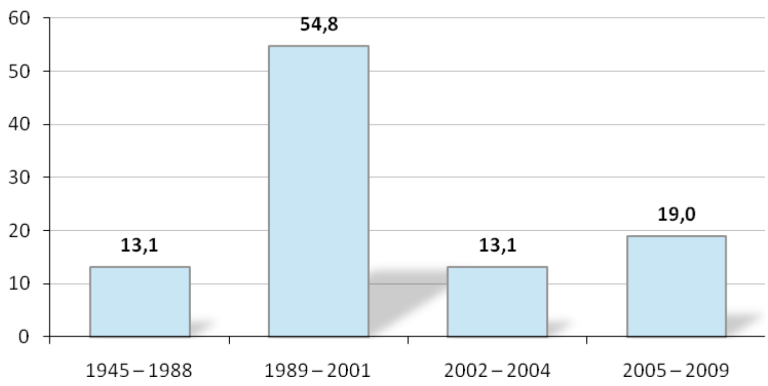
Own research results

A. The State and structure of the economic activity of the companies surveyed

Entrepreneurs and their companies – characteristics of the business

Observing the state of the economic activity of the Poviat companies it is clear that there are years of more and less dynamism in this area. In terms of the number of newly registered companies years 1989-2001 were especially intensive, then 54.8% of the surveyed companies were registered (fig. 2). In the next years there is a rapid reduction in the number of newly created enterprises. It is worth remembering that presented data do not show the absolute increment the number of enterprises – it is known that at the same time a certain number of companies closed down. The companies presently operating in the Poviat are mainly those which have already had some experience connected with functioning for over 8 years on the market – also during low prosperity on the market.

Fig. 2. The year of founding a company



Source: *Own research.*

With regard to the companies in the Poviat, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 81.0% of all companies investigated, then come small companies – 13.1% and the average – 6.0%. There were not any large firms employing more than 250 employees.

Regarding the type of activities, single enterprises prevail – 82.1% and the remaining 17.9% goes to co-partnership companies (of which 8.3% constituted limited liability companies, 4.8% civil associations, 3.6% particular partnerships and 1.2% of public companies). So significant predominance of single firms may indicate a trend of changes on the local labour market – from employment, towards self-employment. However, it should be noted, that

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inconsiderable participation of other forms, in which economic activity in the Poviat's area is realized, might indicate a lack of maturity of the local economy.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies from service markets. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of Kamieński are as follows:

- hotels and restaurants sector – 22.6%
- commercial sector – 19.0%
- service sector – 11.9%
- transport, storing, communication sector – 9.5%
- industrial processing sector – 8.3%
- health and social assistance sectors – 8.3%
- agriculture, hunting and forestry sectors – 6.0%
- construction sector – 6.0%
- financial intermediation sector– 2.4%
- real estate, renting and services for business sectors – 2.4%
- education sector – 1.2%
- production and distribution of electricity, gas, water sectors – 1.2%
- mining sector – 1.2%

The location of the Poviat had the significant influence on such a great number of companies from the tourism and commercial sectors.

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and well educated staff is the key issue in this respect. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience goes education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows the dominance of people with secondary education – people with such education were hired by 32.8% of the respondents. The recruitment of people with vocational education by companies scored 27.7%, with university education only – 24.1%. Additionally 2.9% of firms employ people with gymnasium education, with primary education – 8.8% and without education 3.6% – this gives above 15.0% of companies that use workers without any acquired qualifications.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Kamieński in 2008 in the case of 3.6% of companies the employment declined, then increased in 11.9% but in 84.5% of the surveyed companies there was no personnel traffic. The main causes of the reduction in the number of workers were:

- the issues of external problem with
  - disposal of products and services – 37.5%

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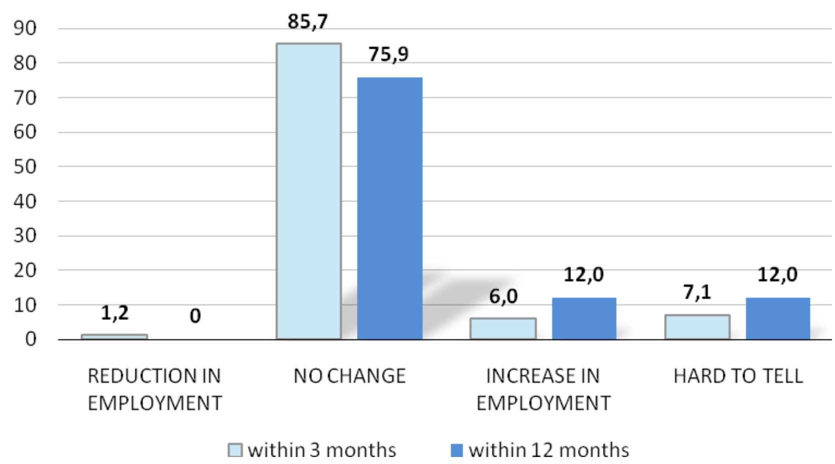
   - seasonal nature of work – 12.5%
- internal issues
   - unprofitability of the production and sales – 25.0%
   - leaving at own request – 12.5%
   - the lack of diligence of workers – 12.5%

In turn, the increase of employment in the company was due to the extension of the scope of their activities – 46.2%, or the increasing demand for the products or services – 30.8%. Additionally there indicated the seasonal nature of work – 15.4%, but also 7.7% of the respondents were not able to indicate the reasons for the increase in the number of employees.

These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, besides in the Poviat there are natural factors for traffic personnel (retirement, leaving at own request). It is worth stressing that large personnel fluctuation is not a favourable factor to business efficiency and indeed has negative consequences for companies.

The declarative dynamism in employment within the next three months, and the nearest year is satisfying because only 1.2% and 0.0% of the surveyed plan to reduce the number of employees. Moreover the respondents (in both periods of time) declare maintaining the level of employment in relations to 3 months – 85.7%, in respect of 12 months – 75.9%. In turn, the forecast on growth in employment varies, as in the context of 3 coming months 6.0% of respondents predict the increase of employment, in regard to subsequent 12 months the number of indications increases to the level of 12.0%. In addition, approximating percentage of the respondents 7.1% and 12.0% in the context of 3 and 12 months respectively cannot predict employment dynamics (fig. 3).

Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates (fig.4). The reduction in employment is expected only in one firm in section D – Industrial processing. A waiting attitude is dominant

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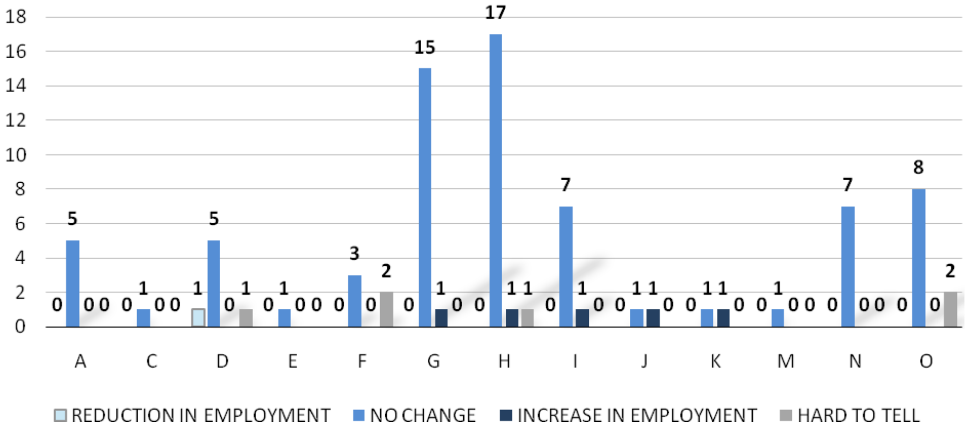
among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers. However, it should be noted that there are more companies which expected a future increase in employment than those expressing an opposite view. The biggest group expecting the growth in employment came from section G – Wholesale and retail trade; repair of vehicles, motorcycles and personal and household goods, H – Hotels and restaurants, I – Transport, storing, communication, J – Financial intermediation and K – Real estate, renting and business services.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the Poviat of Kamieński the need for specific professions is what follows: technicians and other middle level staff – 42.9%, office staff – 42.9% and machinery operators and assemblers – 14.3%.

The regression of education required from potential workers shows that each factor affecting staff qualification is given the same importance – the same number of indications were given to: higher education – directional consistent with the profile of business; secondary technical education consistent with the profile of business; vocational education consistent with the profile of business; qualification courses; seniority in given professional profile and permissions for driving with category D – given one choice for each. It should be noted that the above qualifications and professional skills do not have to be disjoint characteristics.

Obviously, seeking new employees may be done internally (the so-called internal recruitment), and by external recruitment (seeking employees on an external labour market). With regard to the Poviat of Kamieński the analysis refers to the external recruitment process. Businesses seeking new employees are using following strategies: potential employees are recommended by others – 15.9% of indications, in 11.2% of the cases interested in the work people come to the company themselves. The above ways of recruitment appear more common when the labour market is disturbed, and businesses using these passive strategies know that they are effective (the effort is not required on the part of companies). The strategies occur in the so-called employer market where there is an excess of potential employees, and companies can

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be in a privileged position (due to a high level of unemployment). With regard to traditional intermediary forms in this area the indicators are as follows: 10.3% of the firms seek employees with the assistance of UP (the Work Centre), 14.0% of the entrepreneurs use announcements in the newspapers or the Internet, only 1,9% of the surveyed use the services of professional employment agency, the remaining group of 45.8% declared that never looked for employees.

The company's development potential – the company's remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this is the so called sensitive variable, which is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. With regard to the Poviat of Kamieński about 40.0% of respondents refused to answer. However, the obtained responses suggest that the salaries during the past and current years were given some level of dynamism. In 2008 the salaries increased in 16.9% cases, in 2009 the number has been only 2.4% of the surveyed. A strongly positive fact is the declaration to leave salary levels unchanged; in 2008 44.6% of the respondents froze the salary, but with regard to 2009 such an intention was declared by as many as 53.6% of the firms (tab. 8).

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	16.9	2.4
Were reduced	1.2	0
Unchanged	44.6	53.6
Refusal to answer	37.3	44%

Source: *Own research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human resources management. It is of course a cost-generating item, but in the long term enhances business. In the Poviat of Kamieński a worrying signal is that up to 65.5% of the surveyed companies do not use this type of solutions. The remaining – 33.3%, declare using training but taking into account only essential training: maintenance of machinery and equipment, the hygiene and safety at work place, sales and customer services, marketing, foreign languages, computer skills, specialized and referring to the trade such as: building, stone-work, medical, tax, product, work at altitudes and carrier qualifications.

They are to some extent investments in the company, but also the entrepreneurs equip their employees with specialized skills and knowledge, from which they can draw during their career. It is worth noting the wide range and diversity of desired courses and training – It seems to provide the needs in terms of raising qualifications – the representatives of the surveyed companies, and at least part of them, apparently appreciate the importance of this process.

Today, in the time of rapid growth of the importance of technology in the functioning of societies, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. Relatively new

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technologies being used in enterprises in the Poviat of Kamieński show that 17.9% of companies use modern technological lines purchased in 2008/2009; 42.9% within the last five years and 8.3% of companies use technological lines purchased before 2004.

In terms of modern technology procurement, the data are as follows:

- machines and modern devices – purchased in 2008/2009 – 26.2% of companies,
- machinery and equipment used from 3 to 6 years – 47.6% of companies,
- machinery and equipment used from 7 to 10 years – 13.1% of companies,
- machinery and equipment used for over ten years – 3.6% of companies.

From the presented data emerges a picture of companies that keep pace with the challenges of the market, by adjusting their solutions to modern requirements. However, the fact that 31.0% of respondents were not able to describe the technologies being used in their companies, and 9.5% of them could not specify the technological state of the machinery used in their company, raises the concern that they did not want to admit to using in their companies outdated and old solutions, which are generally disapproved of. This category cannot be firmly associated with the companies using the machinery and equipment older than 10 year. However, it can be assumed that a significant proportion of them are just such company.

B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Kamieński the choice of location for their activity was determined by:

- the residence of the owner – 38.9%
- the opinion that the Poviat of Kamieński is a good location – 23.2%
- the availability of markets – 14.6%
- the availability of labour – 10.8%
- the availability of supply – 5.8%.

The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market. The presented data show that companies in the Poviat of Kamieński knowingly or unknowingly apply a strategy for building a quality advantage, that is, they seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality (fig. 5). Presented data highlight the very high level of ramification in the number of indications on the individual categories, this may provide that the companies very individually define their competitive advantage – the fact of running business in the same area

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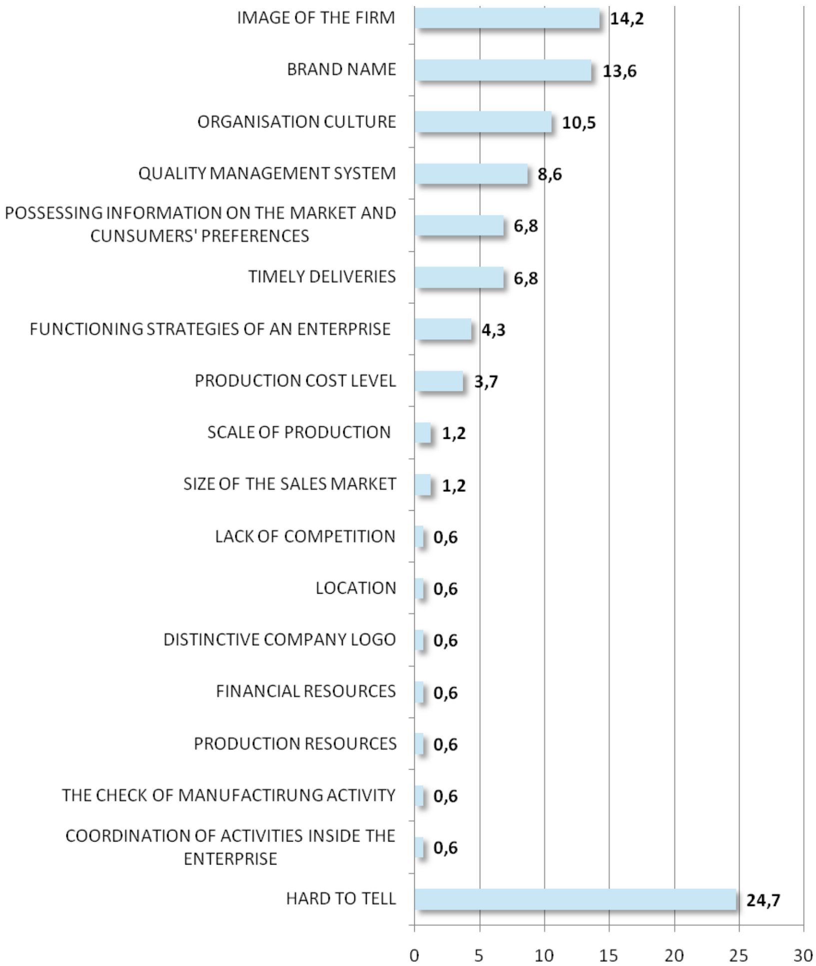
(Poviat) seems not to create a common platform for building competitiveness. However the most numerous group of the respondents – 24.7% were unable to determine the main factors to gain competitive advantage.

Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

Most of the surveyed companies estimate their level of competitiveness as that of a local competitiveness – 79.8%. In the opinion of the respondents there are 13.1% of companies with competitiveness on the voivodship level, and 3.6% of the respondents feel competitive in relation to the entire country. The dimensions of European competitiveness – as felt by the researched – are very meagre – only 2.4% of the respondents believe that they are competitive markets in the European Union. The remaining two groups of 3.6% of respondents could not answer this question, or believed that they are not competitive at all.

Thus, the main competitors of the companies in the Poviat of Kamieński are other local companies – 90.5%, and companies from Western Europe are seen as a potential competitor by 2.4% of the respondents, the same percentage of respondents claimed lack of competition the

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same percentage of the respondents claimed the lack of competition. The remaining 4.8% of the respondents could not answer this question.

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses. Among the surveyed companies 19.4% declared that they do not encounter any problems in their business activities; however, the remaining 80.6% of the respondents had some difficult or critical moments.

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- uncertainty overall economic situation – 12.3%
- strong domestic and foreign competition – 11.0%
- heavy bureaucracy – 11.0%
- unclear and inconsistent legislation – 8.4%
- inadequate domestic demand – 7.7%
- no concept of development for cities/municipalities – 5.2%
- high load on the budget – 4.5%;
- a poorly developed infrastructure – 2.6%
- the development of "grey market" – 1.9%
- insufficient foreign market demand – 1.3%
- high costs – 1.3%
- energy prices – 0.6%
- unfair competition – 0.6%
- cooperation problems with the local government – 0.6%

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications)

- difficulties in accessing funds necessary to operate – 8.4%
- the lack of professional staff – 3.2%

The biggest difficulty for the surveyed businesses is learning to function in a free market economy, where experiencing strong competition mechanisms is a norm, and the inherent pressure and constant risks are unavoidable. In addition, the current economic crisis adversely affects the functioning of enterprises changing the value of each element of the market, especially the value of demand and supply. Interestingly enough the surveyed expressed the opinion that they experience a lot of difficulties in their business caused by public institutions – in particularly such as: heavy bureaucracy and high taxation. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, frequent problems, generated by the State and its institutions.

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. In the Poviat of Kamieński the main practice in these situations are: reducing investment expenditure – 18.2%, reducing the level of employment – 8.1%,; reorganisation of the establishment 5,1%; cessation of investment – 3,0%, the reduction in wages; suspension of activity as well as sending employees to payless vacations obtained an equal number of indications –1.0%.

The above categories show that a common way to cope with difficult situations by companies is done at the expense of the business – passive strategies. The only inventive

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methods mentioned by respondents were: investing in a more dynamic advertising and insuring transactions – 1, 0% of the indications.

It is worth recommending active strategies, which to some extent secure from the effects of changing surrounding. Not taking any concrete action in a crisis is the most unfavourable phenomenon – and such passivity is owned up to by as many as 31.3% of the surveyed. In addition 29.3% of the surveyed cannot completely define the way of tackling difficult situations, namely 60.6% of the surveyed knowingly or unknowingly apply a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 57.1% of the surveyed conclude that the situation of the company during the last 6 months has not changed, and 14.3% say that it has clearly improved. However, the opposite opinion was voiced by 27.4% of the surveyed, 1.2% of the respondents cannot answer this question. It is clear that the assessment of the socio-economic conditions depends on one's own subjective business experience.

The most important factors causing the deterioration of the situation of companies in the respondents' opinion are:

- the decline in demand for goods and services – 54.5%,
- increase in fuel prices and energy – 18.2%,
- increase in prices of materials and raw materials – 12.1%,
- strong competition – 6.1%,
- changing conditions of credits – 3.0%,
- the decline in the prices of products – 3.0% ,
- crisis – 3.0%.

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 60.0%,
- the quality of rendered services – 26.7%,
- good advertising – 6.7%,
- savings – 6.7%.

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

It is generally known that the companies function in a particular external environment – a socio-economic surrounding, whose quality affects the functioning of companies. By 39.9% of the surveyed the economic situation in the region during the last 6 months deteriorated, by 53.6% has not changed, and by 7.1% of the surveyed it improved. Such diversity of opinions certainly comes from subjective experience of entrepreneurs on the market, if a company

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prospers effectively, the propensity to positive assessment of the surrounding in which it operates is greater (and vice versa).

Anticipating a further period of six months is more optimistic. Although according to the most numerous category of the surveyed (64.3%) economic situation in the voivodship will not change. There are definitely fewer pessimists in relation to the previous period waiting for deterioration in the coming months – only 4.8%. Also in relation to the previous period the group of optimists decreased by 6.0% and 25.0% of the surveyed have no opinion about the mentioned subject.

The next variable on which the market dimension of business development should be described is the dynamism in the demand for services/products. An attempt to observe changes in this area includes a comparison of the data in relation to the period last year. And so 31.0% of the surveyed estimate reducing the demand, 47.6% of the surveyed do not predict any changes in the volume of demand, 16.7% its growth. The remaining 4.8% of respondents did not know how to estimate the changes in the context of the past year.

The surveyed forecast also changes in the demand for services and products in the context of the period next year. The obtained data of this indicator show the change of situation: the percentage of people who estimate that the demand will increase – 22.6%, the percentage of people who evaluate its reduction clearly decreased and was 4.8%. A relatively large category of the surveyed – 46.4% (like in relation to the previous period), believe that the volume of demand will not change, simultaneously the number of people who are not able to estimate the changes in the volume of demand increased (from 4.8% previously to 26.2% in respect of future), and it allows to judge that the situation on the market is so dynamic that the chances to anticipate changes are limited.

The next and one of the major factors determining the development potential of companies is the level of investment. It is obvious that in order to strengthen the position on the market, and not to be outstripped by competition, a company must take pro-developed actions, one of these types of actions are investment projects. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and to the local or regional development. The benefits of adequately realized investments are obvious and usually mean strengthening the position of the company on the market. No investment always results in the stagnation and disappearing of the company from the market.

The primary (though not the only) way to invest is increasing the resources of tangible fixed assets of the company. In this regard the companies of the Kamieński Poviat present adversely, because in 45.5% of the surveyed companies expenses did not exist, but the companies of the Poviat which do invest usually choose the following goods – ranked by the multiplicity of indications:

- equipment (furniture, appliances) – 28.3%
- vehicles – 13.1%,
- buildings, land – 13.1%.

Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). 23.1% of the respondents pointed out that the expenses incurred were below PLN 5 000; 48.7% of the surveyed pointed invested in the company development from PLN 5 000 to PLN 50 000; 23.1% of the surveyed companies within the last 6 months invested in the development of their company from PLN 50 000 to PLN 500 000 and expenditure of more than PLN 500 000

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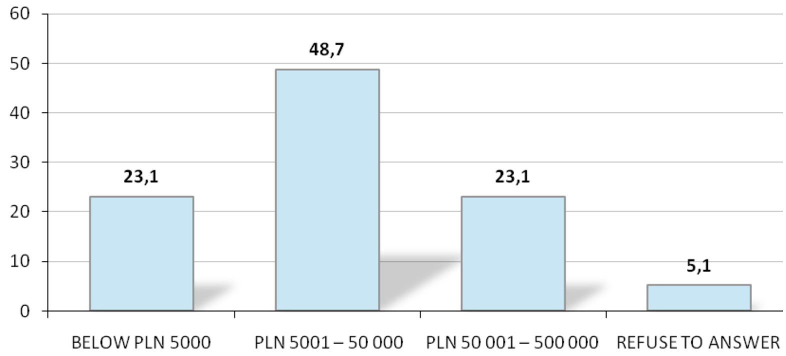
were experienced only by 5.1% of the companies. No doubt, this situation says about a small volume of activity and the lack of sufficient funds to spend on the enterprise development.

Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

The respondents also forecast possible investments in the course of the next six months. Resulting data are worrying, within the next six months 2009, 44.0% of the surveyed companies do not plan to take expenditure for the purchase, lease, leasing, refurbishment of vehicles, equipment or real estate, but 31.0% cannot give the answer to that question. Only 25.0% of the respondents plan to give funds to investments. If entrepreneurs understand the importance of investment the lack of outlay of this type will simple result the lack of extension of existing fixed assets of the company.

On the basis of subjective experience respondents also made a long term forecast concerning the situation of the company, according to the surveyed in 3 years:

- the company will be better than today – 14.5%
- the company situation will be similar to the present – 13.3%
- the company will fail in liquidation – 2.4%
- difficult to say – 69.9%

The worrying signal of analysis of the compiled data is dominant enterprises (69.9%), that are not in a position to evaluate their own development in relation to the relatively near future. Their presence on the market and self-awareness of development become doubtful.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel.

Partnerships and networking economic links between enterprises can be included to external growth strategy, and as regards its duration and the dimensions, it can be short or long-term cooperation and may be more or less developed.

In this regard the companies of the Kamieński Poviat compare rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. The overwhelming majority – 83.5% of the surveyed companies do not co-operate with other entities. In respect of the remaining 16.5% of

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the companies that undertake to cooperate with other firms, they do it with: companies operating in the region – 7.1%, self-governing units – 3.5%, consultancy companies – 2.4%, individuals – 2.4%, educational institutions – 1.2% of indications.

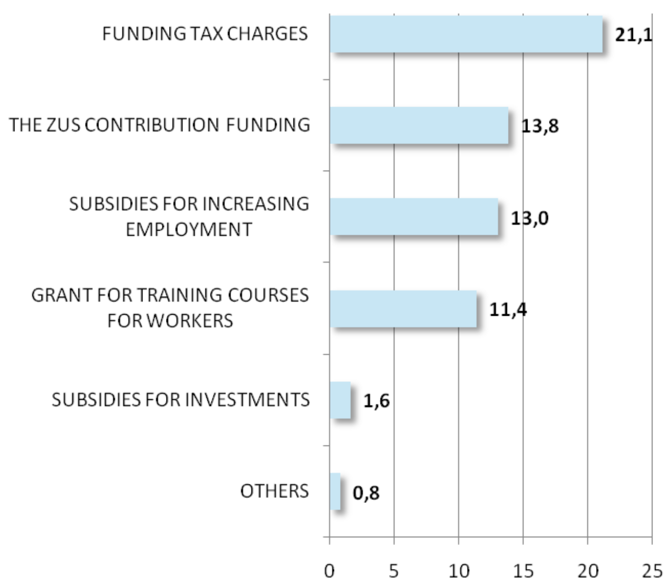
Another important issue is applying by entrepreneurs different forms of cooperation with companies in the region. 4.7% of firms cooperating with other companies do it in the form of: associations – 2.4%; a contract and exchange of clients – 1,2% each.

The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to the low use of support from public institutions. The vast majority – 94.1% of the respondents declare that they did not use any available forms of support, the remaining 4.7% of companies benefited from: grants for retraining workers, grants for technological development, grants for workplace equipment and funding for the purchase of real estate – 1.2% of indications per each (also 1,2% of the respondents could not estimate what the funds had been spent on) (fig.7).

As these data relate to the three previous years, their negative values are especially alarming. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. To expand this issue the respondents were asked, what form of support from local authorities would positively affect the activities of enterprises, but 38.2% of the surveyed did not give an answer to this question. While among the respondents who made a choice for the preferred forms of support, the most important are the following:

Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

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The extent of economic exchange

The economic exchange in the EU takes place on a common internal market, which, firstly, covers the entire EU territory and, secondly, is based on the principle of the four freedoms: the movement of goods, persons, services and capital. You can therefore conclude that analyzed districts participate in this area on the principles of free competition.

Exchange enterprise conducted by members of the trade in the discussed Poviat is limited spacewise – 88.1% of the surveyed companies did not have any international exchange experience, 6.0% of them had some goods or services export experience, 4.8% of them had goods or services import experience, and 1.2% export-import of goods or services.

The entrepreneurs export their products – primarily to Germany – 44,4% of the indications, other countries according to the number of choices are: various EU countries, Belgium and Denmark.

The forecasts for export volumes in the context of the next six months are following: by 16.7% of the surveyed – the export level will increase during this period, the opposite view is also held by the same number of the surveyed, in turn, 50.0% of the surveyed allege that export remains unchanged, and 16,7% of the respondents cannot predict the trends in export.

Innovation in enterprises

As already mentioned the competitiveness of enterprises is determined by many factors of the external and internal nature. The first group of factors includes such as: State policy and the condition of the available infrastructure, to other group includes the internal factors, e.g.: the type of management, held capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is exceptionally merit-type of a factor for development, since it determines not only the pace and directions for economic development on an individual scale, but on a local, a regional and an international scales as well.

The innovation rate in business in the area of the Poviat of Kamieński is low, because only 6.0% of companies declare that in the period of 2007-2009 they applied some innovations, the remaining 94.0% did not take any innovative actions. In respect of the companies which applied some form of innovation, the source of their innovation was: copying ideas and solutions from competition, purchase of technology and purchase of licenses.

The respondents defined also obstacles experienced in implementing innovative solutions. The main reason for applying innovation on such a small scale is the inability to finance innovative businesses – 21.4%; too large risks associated with the implementation of innovation felt by the entrepreneurs and the lack of potential interest in new products/services from clients/customers – 6.0% of the indications per each. Next there are: no need for innovative solutions – 2.4% and then bureaucracy – 1.2%. The most numerous group of the respondents (61.9%) were not been able to diagnose the reasons preventing taking innovative actions.

Activating entrepreneurs of the Poviat in question has more chances of success, in the context of co-operation with other entities for taking innovative actions. Noticeably, the pace of growth of innovation and new technologies in an enterprise and a region are determined, among others, by the volume of institutional funding on research, development and innovation.

Unfortunately, in this regard, almost half of the surveyed – 46.0% do not have any expectations and the same number of the surveyed cannot answer this question. And therefore 92.0% of all respondents of the Poviat of Kamieński have no knowledge of elemental on the role of cooperation with other entities in the field of innovation. The remaining group of the surveyed

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classified their expectations in terms of facilitating, establishing and developing cooperation with other entities, as follows: for 4.6% of the surveyed an important thing would be creation programs to promoting technological development at the level of municipalities, 2.3% put attention to the need for the construction of the tender units B+R, then 1.1% of the enterprises pointed out the increase of the quality and the degree of adjustment tenders units B+R to the needs of companies. Taking into consideration the low number of respondents who replied to this question it is obvious, that state of knowledge in this respect is far too small, and underestimating the importance of innovation can adversely affect the economic growth of the Poviat.

In terms of the use of modern multimedia tools the Kamieński Poviat does not present too favourably – just 77.4% of companies use the Internet. These companies have their own websites, continually benefit from various types of Web search, Web browsers and e-mail. However, 22.6% of the surveyed companies do not even have a potential access to solutions which are standard in highly developed countries.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The emerging picture is somewhat adverse. 89.3% of the surveyed companies in the Poviat of Kamieński have never been using EU structural funds. A little more than 10% have used them mainly for: the development of technical infrastructure, the enhancement of the quality of staff potential and the purchase of land and real estate – 2,4% per each indicator. Besides companies gave funds for the agricultural subsidies and educational projects –1,2% per each.

The presented level of the use of funds stems from the lack of interest in this type of support –48.8% of respondents do not want to benefit from EU structural funds. But it is worth noting, that the identical number of respondents indicated that they are interested in obtaining support from EU funds. The entrepreneurs who did use EU grants defined the barriers limiting their effective gaining of the resources (the following factors are organized by declining importance):

- bureaucracy and ambiguity of EU request forms – 23.2%
- cost of preparing applications – 13.8%
- limited access to information about programs – 13.0%
- short term preparation of the application – 8.7%
- the necessity of own contribution – 5.8%
- the lack of adequate programs for the given trade – 0.7%
- time-consuming – 0.7%

As it is clearly seen then, that the so far experience in raising funds from the European Union by the entrepreneurs in the Poviat of Kamieński is not very positive. A significant proportion of the companies, indeed, has no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than

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those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of Kamieński in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the district, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

– the slow decline of population caused by the drainage of population from the Poviat;
– changes in the population age structure – permanently decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over
– the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

– the increment of the rate of the number of working for 1000 people, but lower than in the voivodship
– the growth in average monthly gross salaries,
– a systematic decline in the number of unemployed people, however, the unemployment rate in 2008 ranked the Poviat on the 16-th place in the voivodship,
– the deficit jobs in 2008 were only found in such big professional groups as: vocational teachers and instructors, office support staff, executives of small and medium-sized factories, money market and customer service. There was a balance in the case of the following groups: machinery; mining and processing device operators. The highest values of the surplus intensity rate were found in such professional groups as: auxiliary workers in agriculture, farmers and fishermen working for their own needs and also farmers, gardeners, foresters and market oriented fishermen.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential. However, there were clear indications of the economic upturn, evident from the analysed economic indicators like: the growth in the number of economic subjects, including commercial companies which are so important for the economic development, the increase of investment in enterprises, revenues and expenditure of the Poviat's budget per capita, which ranked the Poviat of Kamieński on the 5-th and 4-th places respectively among the Poviats of earthly in the voivodship, but also signals of the braking of development, which evidence can be the decrease compared with 2004 of gross fixed assets per capita, the low level of industrial production sold per capita (w 2006 r.) and maintaining the

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industrial production sold of the Poviat in the voivodship on the same level of the surveyed period.

Another conclusion from this analysis is that the development of entrepreneurship in the district will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat of Kamieński, allows to indicate some specific features for this group. The surveyed firms are engaged primarily in service sectors, with a dominating role of tourist industry. The commonest are microenterprises, registered in the form of a natural person establishments. A significant proportion of the structure of the surveyed companies have enterprises with previous experience in business, which are present in the market for over 8 years.

The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail. However, it should be noted that both in relation to the previous period and assessed stages in the future there are more companies increasing employment than those which reduced the number of employed or expect that in the future.

Considering the respondents' answers, it can be concluded that business activity is hampered by both market factors (strong competition, limited demand) and administrative factors (high load on the State budget, too heavy bureaucracy) and positive examples of the support obtained from public institutions were rare. From the voices coming from representatives of companies it is clear that for most of them the State (and its different agencies) does not have any interesting forms(or at least it is not known) of supporting business enterprising. Generally the company's focus is primarily on consolidating its place on the market, and the co-operation and partnership with other enterprises or public institutions are rare occurrences.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is a small share of innovative solutions used in businesses.

It should be noted that the situation of companies and their prospects for development should not be seen solely in the context of economic considerations. When planning activities whose purpose is to support the development of the economy, you must also take account of social phenomena. It seems that the key problem areas include: the relationship of employers with their employees, as well as with public institutions, and the business environment. It seems to be advocating some action aiming at changing the mindset, the mentality of many entrepreneurs and executives – also in relation to practical aspects of running a business, management, strategic planning, etc. It is also noted that there should be some breakthrough in antagonisms occurring now between the main actors on an economic stage (e.g. entrepreneur-workers, entrepreneurs-officials, entrepreneurs-banks).

On the basis of this study, the following the importance of the tourism industry can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate on much different rules from those of small and medium companies;
2) a series of institutional and procedural barriers need removing in the process of setting up and running a business

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3) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
4) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply;
5) due to the specificity of business activities in the Poviat area – great importance of the tourist industry and companies conducting municipal service, social and individual activities; enterprises operating in these areas require special attention – detailed consultations with the representatives of companies will allow to work out specific solutions to support existing development potential in the mentioned sectors.

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4. The Poviat of Policki

Introduction

Territorial Division

The Poviat of Policki is situated in the west of the Zachodniopomorskie Voivodship at the German border. It borders with the neighboring Poviats: Goleniowski, Gryfiński and the city of Szczecin. In 2008 it covers the area of 665 km^2, which accounts for 2.9% of the area of the whole voivodship, and has the population of 67.9 thousand which is 4.0% of the total voivodship population. With these figures the Poviat of Policki ranks on the 15-th and 7-th (together with the Poviat of Myśliborski) in the voivodship.

The Poviat consists of four communes: urban-rural Nowe Warpno and Police communes and rural: Dobra (Szczecińska) and Kołbaskowo communes. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 90.7% and put this Poviat on the 16-th place in the voivodship (together with the Poviat of Stargardzki). Consequently, the urban area ratio was on the level of 9.3% which meant the 2-nd place in the voivodship.

In the whole Poviat there are 77 towns and villages with the proportion of 75 villages and only two towns: Nowe Warpno and Police. Police is the capital of the Poviat.

Fig. 1. Administrative borders of the Poviat of Policki
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect to all entrepreneurs taking part in the research. In the analysed population, the gender regression is somewhat asymmetrical: 54.6% of men and 45.4% of women. The regression of the next age variable of the respondents is uneven – on the one hand it indicates the dominance

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of people relatively young, because the most representative group here was that of 26 to 35 years of age (36.1%), the remaining groups gained significantly fewer indications – people aged 36-45 – 26.8%, and people aged 46-65 – 18.6% of the respondents. With regard to all respondents, most of them had university education – 62.9%, with secondary education – 30.9% and with vocational education only – 6.2%. The last variable is the job or post they hold. Thus there were 54.6% of firm owners, chief accountants 8.2%, HR workers 6.2%, people responsible for talks in the company to 24,7% of the respondents.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 the Poviat of Policki population increased by 8.7%. The Poviat of Policki belongs to the densely populated areas, the average population density rate in 2008 was 102 people per 1 km^2 (by comparison the rate for the voivodship was 74) and compared to 2004 increased by 8 people.

In 2008 the Poviat of Policki all city population was 35.4 thousand people, which in turn determined the urban demographic rate on the level of 52.1%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, the Poviat of Policki seems to be a region of low urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rate the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in the Poviat of Policki in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	62479	64785	67937
Urban demographic rate	57.1	54.7	52.1
Rural demographic rate	42.9	45.3	47.9
Population density per 1 km^2	94	97	102

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological and economic age groups. As for the first criterion, the following age groups can be distinguished: 0-14, 15-64, and 65-plus. This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 increased by 0.4 thousand, and its general ratio to the total population of the region fell from 17.9% to 17.0%. In the next age group, i.e. age 15-64, there was an increase from 46.7 thousand to 51.2 thousand in the respective years. However, the ratio of this group to the total population increased from 74.7% to 75.4%. The last age group population, i.e. age 65-plus increased by 12.2% and its ratio to the total population went up from 7.4% to 7.6%. These demographic

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tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Policki Poviat the percentage of people in the pre-productive age group was 21.0% (in the voivodship – 19.1%), in the productive age group – 69.4% (65.9% in the voivodship) and in the post-productive age group – 9.6% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 0.8%) and post-productive age group (by 0.9%), and a simultaneous decrease in the pre-productive age group (by 1.7%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in the Poviat 811 new children were born, which accounted for a 33.2% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 12.2 live births (10.8 in the voivodship) and only 9.9 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in the given area. In the years 2004-2008 in the Poviat in question there was an increase of the death rate by 12.5%. For each 1000 inhabitants in 2008 there were 6.3 deaths (9.7 in the voivodship), and only 6.1 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Policki in all the years in question amounted to over 50%.

The population growth, based on the number of live births and the number of deaths in the Poviat of Policki in 2008 was positive (389 people) and compared to that from 2004 had increased. After conversion for each 1000 people, the growth ratio was on the level of 5.8 (1.1 in the voivodship), whereas in 2004 - 3.8.

Tab. 2. Natural migration of people in the Poviat of Policki in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	9.9	10.7	12.2
Total death rate for 1000 people	6.1	6.4	6.3
Natural growth rate for 1000 people	3.8	4.3	5.8

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the Poviat of Policki in 2008 the total migration rate was positive and amounted to 1085 people, which was caused by the inflow of people from other Poviats in the voivodship or other parts of the country. For each 1000 people in the Poviat the migration rate was 16.0 people, whereas in the voivodship it was negative (-0.8 people).

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The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent make the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Policki Poviat in 2007 there were 13.3 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 13.6%. In the analysed period there was a significantly bigger increase in the employment of men (by 14.3%).

For each 1000 people in 2007 there were 200 people employed in the firms with nine and more workers, which ranked the Poviat on the 3-rd place in the voivodship (with the average rate for the Zachodniopomorskie Voivodship 193 employed in nine-plus firms for each 1000 people). The analysis of the employment rate shows its growth compared to 2004 (although on the lower level than in the voivodship).

Tab. 3. Workers and salary in the Poviat of Policki in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	11700	12168	13293	113.6
men	6711	7013	7669	114.3
women	4989	5155	5624	112.7
Workers together with individual agriculture	12095	12563	13688	113.2
in% of the agricultural sector	5.2	4.7	4.3	81.9
industrial	56.7	59.1	59.7	105.2
supporting	38.1	36.2	36.1	94.8
Average monthly gross salary of PLN	2652.86	2913.87	3035.02	114.4

Source: *Own analysis based on the data from the Central Statistical Office.*

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Policki Poviat in 2007 the number of people employed was 13.7 thousand. The employment structure by economic sectors shows that only 4.3% of the employed worked in agriculture (whereas 11.8% in the voivodship), 59.7% in industry and 36.1% in services. Since 2004 the employment in the industrial sector has increased, and it did so at the expense of the service sector (a smaller drop) and in agriculture (a bigger drop).

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The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was 3035.02 and it was more than in 2004 by 14.4% (a similar increase was for the voivodship: 17.7%). The average pay rate in the Poviat was higher than the average in the voivodship (by about PLN 419.00). With respect to the pay rate, the Poviat was on the 1-st place.

In the Poviat of Policki, similar to other poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 2963 people unemployed (in which women made 62.8%). Since the beginning of the analysed period the number of unemployed dropped by 43.9% (only 54.8% in the voivodship), and the drop referred mainly to male workers. 41.4% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the increase – the percentage of unemployed people living in villages was higher than in 2004.

The registered unemployment rate in the Poviat in 2008 was 12.8% (with the average for the voivodship 13.4%) and ranked the Poviat on the 5-th place among the areas with lower values of this indicator. By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a slight decrease of the unemployed not entitled to state welfare money (by 1.4%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still worryingly big – in 2008 it was 83.8% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 5.8%) and aged 25-34 and a decrease in all other age groups (the biggest in the age group below 25). There were also more unemployed people with university and general secondary education, and fewer unemployed with vocational education (and a slight decrease with post-secondary and secondary vocational education, as well as gymnasium education and primary education).

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and the job postings made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in the Poviat of Policki were only found in such big professional groups as: teachers, machinery operators and assemblers, office support staff foresters and fishermen, miners and contractors, mining, industry and construction auxiliary workers and drivers and vehicles and machinery operators. There was a balance in the case of the following groups: mining and processing machinery operators. The highest values of the surplus intensity rate were found in such professional groups as: fine mechanics, ceramics and printing, farmers and fishermen working for their own needs and farmers, gardeners, foresters and market oriented fishermen. In comparison to 2004 the average surplus intensity rate hardly increased, which means only a small improvement for the unemployed on the job market.

Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In the Policki Poviat in 2008 in the REGON register there were

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8.3 thousand firms and businesses which accounted for only 3.9% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 19.2% (with 5.5% in the voivodship). From among all businesses operating in the area in 2008 over 96% came from the private sector.

Considering the competitiveness of the Policki Poviat with regard to the business saturation, it only ranks on the 7-th place in the voivodship. On average, the Poviat has 123.2 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Policki Poviat is a well enough developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Policki Poviat in 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
All economic subjects	6946	7672	8282
for 1000 people	103.2	113.9	123.2
by economic sectors in % agriculture	2.7	2.4	2.2
industry	25.2	25.3	25.5
services	72.1	72.3	72.2

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 95.0% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 3.5%, and average businesses only 0.6%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro and small businesses in the Poviat increased, and that of average businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status it was observed that in 2008 in the economic subject structure the most numerous group in the Policki Poviat was represented by natural persons running their own businesses (81.1%), with the next place going to trade companies with 6.2%, associations and social organisations with 2.0%, co-operatives with 0.4%, and foundations with 0.1%

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 75.8 trading companies for 10000 people in the Poviat giving it the 3-rd place in the voivodship. Compared to 2004, the number increased by 22.0%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 156 such companies in the region, which, when set against 10000 people, gave 23.0 units. Companies with foreign capital accounted for 30.3% of all trading companies in the Poviat, and their number compared to 2004 increased by 10.6%.

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Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Policki Poviat the firms from the service sector were the most numerous. With the number of 6.0 thousand they accounted for 72.2% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 63.6% of all businesses in the Poviat, and non-market services by 8.6% of firms. The percentage of firms from the industrial sector was over 25.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails on average more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.2 thousand, which was only 2.2% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that nearly 70% of the firms in the region in 2008 came from four sectors: trading and repairing, services for housing and firms, and building services and industrial processing.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[12] In 2008 in the Poviat of Policki REGON register 880 new firms were registered, which gave 13.0 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: trade and repairing sector 20.8%, services for housing and firms 17.7%, building 16.8%, which is recently a generally observed tendency in the whole country.

Each year new firms are registered into and out of the REGON database. In 2008 in the Poviat of Policki 718 firms were crossed out from the register. For 1000 people it gave 10.6 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, services for housing and firms, building and industrial processing sectors. However, it should be noticed that more firms were registered than checked out.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Policki Poviat in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	544	955	880
for 1000 people	8.7	14.7	13.0
All checked out firms	498	633	718
for 1000 people	8.0	9.8	10.6

Source: *Own analysis based on the data from the Central Statistical Office.*

[12] *The Report on the condition of small and average firms in Poland in 2006-2007*. Prepared by Polish Business Development Agency, Warsaw 2007.

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Using the shift-share analysis, the level of competitiveness of the Policki Poviat can be assessed. The level is referenced to the Zachodniopomorskie Voivodship with respect to the number of national economy subjects according to the PKD classification code.

Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). The level of competitiveness of the area (KO) illustrating the differences between the growth rate in the Poviat in comparison to the voivodship is high, and its positive value shows high competitiveness of the Poviat. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the Policki Poviat in 2007 it was worth PLN 2997.6 million and it was 13.2% of the total production sold in the voivodship. Compared to 2004 there was an increase in the production sold in the Poviat by PLN 645.8 million, and thereby the Poviat's contribution to the production sold in the voivodship also increased.

The industrial production sold for one person in the Poviat was in 2007 PLN 45762.00 (with the average for the voivodship PLN 13447.00). That gave the Poviat the 2-nd place in the Zachodniopomorskie Voivodship (after the Poviat of Goleniowski).

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 persons in the Poviat of Policki in 2007 amounted to PLN 246.7 million and were higher than those incurred in 2004 by about 93.8%.

The highest expenditures were incurred in the industrial sector, then in services (primarily in the market services) and agricultural sector. Since 2004 the expenditure incurred in agriculture and services decreased, while the industrial sector – increased. The volume of investments per capita equals to PLN 3767.00, and was much higher than the average in the province and placed Policki on 1-st place among other Poviats of Zachodniopomorskie.

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the district was PLN 3892.2 million and was higher than in 2004 by 21.3%. The highest gross fixed assets were recorded in the industrial sector, then in services (primarily in the market services) and agricultural sector. Compared with 2004, the capital expenditure in the industrial sector increased and in the agricultural and services sectors decreased. According to the gross worth of fixed assets per capita in 2007, Policki Poviat was on the 1st place in the voivodship.

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Tab. 6. Investment and gross fixed assets in the Poviat of Policki in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	127.3	240.9	246.7	193.8
in % agricultural sector:	0.9	1.3	0.6	66.7
industrial	75.2	83.5	85.4	113.6
market services	23.8	15.0	13.9	58.4
non-market services	0.1	0.2	0.1	100.0
per capita in PLN	2059	3755	3767	183.0
The gross value of the asset in million PLN	3207.5	3184.4	3892.2	121.3
in % agricultural sector:	0.6	0.5	0.5	83.3
industrial	83.0	83.9	87.6	105.5
market services	13.9	14.7	11.9	85.6
non-market services	2.5	0.9	0.0	-
Per capita in PLN	51337	49153	58585	114.1

Source: *Own analysis based on the data from the Central Statistical Office.*

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities).

In 2008, the Poviat of Policki received for the execution of its tasks 59.0 million PLN (about 77.0% more than at the beginning of the investigation period). It was PLN 878.62 per capita, which was the 8-th place among the Poviats of earthly. The expenditures amounted to PLN 57.9 million of which investment expenditure property constituted 13.2%. The growth of revenues in the Poviat (compared with 2004) was higher than the expenditure. Spending per capita placed the Poviat on the 9-th place among the Poviats of earthly.

Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within the Poviat of Policki in 2004, 2006 and 2008 in PLN

SPECIFICATIONS	2004	2006	2008	2004=100
Poviat budget revenue	33342379.00	43975092.27	59013091.85	177.0
per capita	539.29	685.54	878.62	162.9
Poviat budget expenditure	31532630.00	43017094.93	57933946.82	183.7
per capita	510.02	670.60	862.55	169.1
Revenue of municipalities' budgets	131199155.00	168685393.28	187972553.63	143.3
per capita	2122.07	2629.67	2798.63	131.9
Expenditure of municipalities' budgets	118050194.00	179627875.10	189455650.34	160.5
per capita	1909.39	2800.25	2820.71	147.7

Source: *Own analysis based on the data from the Central Statistical Office.*

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The budgets of districts of the Poviat of Policki in 2008 drew the joint income equalling to PLN 188.00 million and the amount of income per capita placed the Poviat on the 7-th place in the province. Municipalities spent PLN 189.5 million, in which property investments accounted for an average of 26.5% of the total expenditure budgets of these communes. Compared with 2004, the expenditure of municipalities increased more than their revenue.

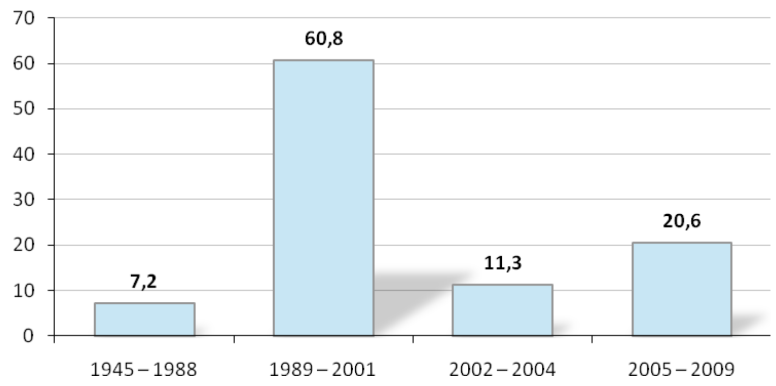
Own research results

A. The State and structure of the economic activity of the companies surveyed

Entrepreneurs and their companies – characteristics of the business

Observing the state of the economic activity of the Poviat companies it is clear that there are years of more and less dynamism in this area. In terms of the number of newly registered companies years 1989-2001 were especially intensive, then 60.8% of the surveyed companies were registered (fig. 2). In the next years there was a rapid reduction in the number of newly created enterprises. It is worth remembering that presented data do not show the absolute increment the number of enterprises – it is known that at the same time a certain number of companies closed down. The companies presently operating in the Poviat are mainly those which have already had some experience connected with functioning for over 8 years on the market – also during low prosperity on the market.

Fig. 2. The year of founding a company



Source: *Own research.*

With regard to the companies in the Poviat, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 68.0% of all companies investigated, then come small companies – 15.5% and the average – 14.4%, and big – 2.1%.

Regarding the type of activities, single enterprises prevail – 57.7% and the remaining 41.2% goes to co-partnership companies (of which 26.8% constituted limited liability companies, civil associations and particular partnerships – 6.2% per each and 2.1% of public companies). The presence of one cooperative is noted. Although the significant predominance of single firms is not a subject to discussion, it should be noted, that a considerable participation of other forms, in which economic activity in the Poviat's area is realized, might indicate the maturity of the local economy.

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The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies from service markets. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) are as follows:

- commercial sector – 29.2%
- service sector – 21.9%
- industrial processing sector – 15.6%
- construction sector – 6.3%
- production and distribution of electricity, gas – 5.2%
- transport, storing, communication sector – 5.2%
- financial intermediation sector – 4.2%
- hotels and restaurants sector – 3.1%
- real estate, renting and services for business sectors – 3.1%
- health and social assistance sectors – 3.1%
- education sector – 2.1%
- agriculture, hunting and forestry sectors – 1.0%

The location of the Poviat had a significant influence on such a great number of companies from the tourist and commercial sectors.

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows that: 36.1% of companies hire people with university education, 34.6% with secondary education, and 22.0% with vocational education. In addition, 1.0% of enterprises employ people with gymnasium education; 4.2% of them those with primary education, and 1.6% without any education. This means that 6.8% of companies employing people educated at the level not higher than that of gymnasium use workers without acquired qualifications, which is possibly associated with the need for support unskilled workers in a firm.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Policki in 2008 in the case of 20.6% of companies the employment declined, then increased in 9.3% but in 70.1% of the surveyed companies there was no personnel traffic. The main causes of the reduction in the number of workers were:

- the issues of external problem with
  - disposal of products and services – 38.5%
  - seasonal nature of work – 3.8%
  - economic crisis – 3.8%
- internal issues

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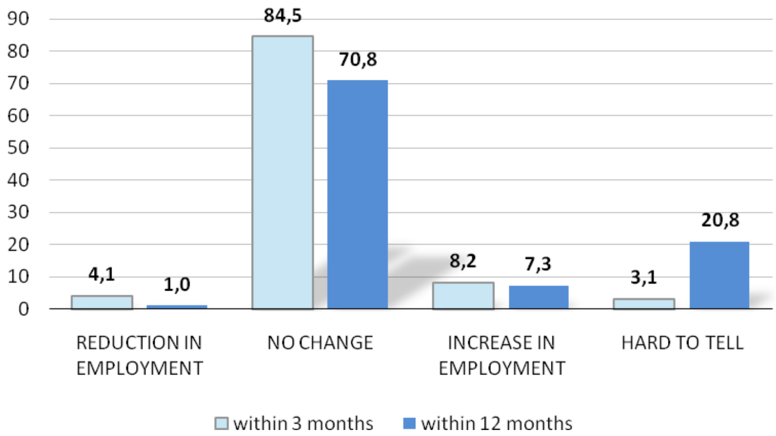
- unprofitability of the production and sales – 11.5%
- leaving at own request – 11.5%
- retirement of workers – 11.5%
- high cost of maintaining staff – 7.7%

In turn, the increase of employment in the company was due to the increasing demand for the products or services – 70.0% or the extension of the scope of their activities – 30,%.

These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, besides there are natural factors explaining the personal traffic in the firms (retirement, resigning at their own request). It is worth stressing that large personnel fluctuation is not a favourable factor to business efficiency and indeed has negative consequences for companies.

The declarative dynamism in employment within the next three months, and the nearest year is satisfying because only 4.1% and 1.0% of the surveyed plan to reduce the number of employees. Moreover the respondents (in both periods of time) declare maintaining the level of employment in relations to 3 months – 84.5%, less in respect of 12 months – 70.8%. In turn, the forecast on the growth in employment varies, as in the context of 3 coming months 8.2% of respondents estimated increased levels of employment, in regard to subsequent 12 months the number of indications decreases to the level of 7.3%. With regard to 3 months 3.1% of the surveyed cannot predict the dynamism in employment and with regard to 12 months – 20.8% (fig. 3).

Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates. The reduction in employment is expected in sections O – Services, social and personal services, and the others; few companies belonging to sections: D – Industrial processing and E – Production and distribution of electricity, gas, water predict reduction in employment. A waiting attitude is dominant among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers. However, it should be noted that certain revitalization, the symptom of which is increasing in employment, is supposed to appear in regard to sections: D – Industrial processing; O – Services, social and

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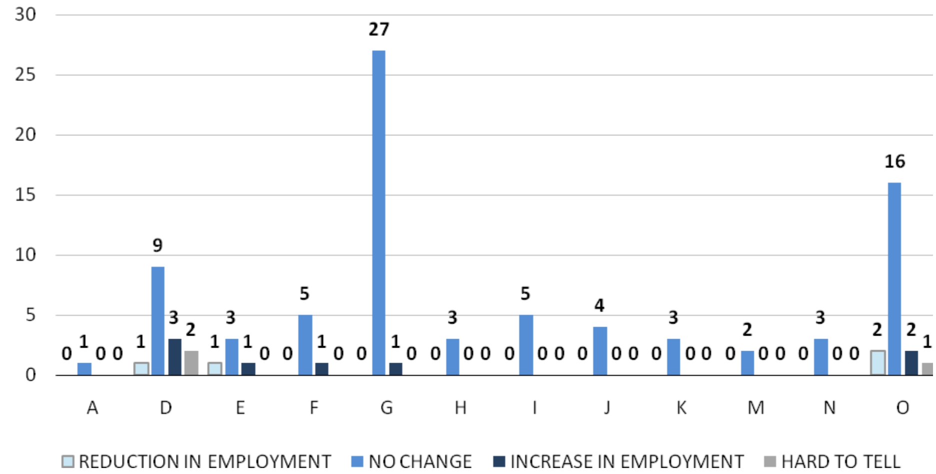
personal services, and the others; E – Production and distribution of electricity, gas, water; F – Construction and G – Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the Poviat of Policki the need for specific professions is what follows: machinery operators and assemblers, specialists in physical sciences, mathematics and engineering; Sciences and health specialists; industrial labourers and craftsmen; and technicians and other medium level personnel. The interest in the recruitment of people without qualifications was also declared namely – auxiliary workers.

As for the additional professional skills in potential employees, they were expected to have: technical secondary education in accordance with the company's profile – 31.3%; special courses preparing for the job – 25.0%; seniority – 25.0%; university education in the field of the company's profile – 12.5% and driving license cat. B – 6.3%. The mentioned above formally confirmed qualifications and skills are not disjoint qualities.

Obviously, seeking new employees may be done internally (the so-called internal recruitment), and by external recruitment (seeking employees on an external labour market). With regard to the Poviat of Policki the analysis refers to the external recruitment process. The companies seeking employees apply active strategies such as: 15.8% of the entrepreneurs uses advertisements in the press; 13.5% of companies seek workers with the assistance of UP (the Work Centre); advertisements on the Internet – 11.3%. The recruitment can also have a passive form. 12.0% of the companies base their recruitment on the recommendations of other people, in 10.5% of the cases employees come to the company themselves. The remaining group – more than 35% of the firms declared that they did not seek workers.

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The company's development potential – the company's remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this is the so called sensitive variable, which is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. With regard to the Poviat of Policki for both periods slightly below 20.0% of the respondents refused to answer. However, the obtained responses suggest that the salaries during the past and current years were given some level of dynamism. In 2008 the salaries increased in 25.8% cases, in 2009 the number has been 5.2% of the surveyed. In the context of the ongoing financial crisis a positive fact is the declaration to leave salary levels unchanged: in 2008 54.6% of the respondents froze the salary, but with regard to 2009 such intention was declared by as many as 74.2% of the respondents (fig. 8).

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	25.8	5.2
Were reduced	2.1	2.1
Unchanged	54.6	74.2
Refusal to answer	17.5	18.6

Source: *Own research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human resources management. It is of course a cost-generating item, but in the long term enhances business. With regard to the Poviat it should indicated that the percentage of the companies benefiting from training is relatively high – 41,2%, while the percentage of the companies that send their employees to external training is 58.8%.

Companies benefiting from training send their employees mainly on courses from a range Companies benefiting from training send their employees mainly on courses from a range of: finance, accounting, machinery and vehicle operators, workplace safety (BHP), sales and customer services, marketing, foreign languages, computer skills and specialized and referring to the trade: building, cosmetic, tax, product and surveillance systems training.

They are to some extent investments in the company, but also the entrepreneurs equip their employees with specialized skills and knowledge, from which they can draw during their career. What is worth noting is the wide range and diversity of desired courses and training. It seems to meet the needs of the representatives of the surveyed companies in terms of raising their qualifications, and at least part of them, apparently appreciate the importance of this process.

Today, in the time of rapid growth of the importance of technology in the functioning of societies, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. Relatively new technologies being used in enterprises in the Poviat of Policki show that 30.2% of companies use modern technological lines purchased in 2008/2009; 34.4% within the last five years and 9.4% of companies use technological lines purchased before 2004.

In terms of modern technology procurement, the data are as follows:

- machines and modern devices – purchased in 2008/2009 – 33.0% of companies,
- machinery and equipment used from 3 to 6 years – 40.2% of companies,
- machinery and equipment used from 7 to 10 years – 8.2% of companies,
- machinery and equipment used for over ten years – 6.2% of companies.

From the presented data emerges a picture of companies that keep pace with the challenges of the market, by adjusting their solutions to modern requirements. However, the fact that 26.0% of respondents were not able to describe the technologies being used in their companies, and 12.4% of them could not specify the technological state of the machinery used in their company, raises the concern that they did not want to admit to using in their companies outdated and old solutions, which are generally disapproved of. This category cannot be firmly associated with the companies using the machinery and equipment older than 10 year. However, it can be assumed that a significant proportion of them are just such company.

B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Policki the choice of location for their activity was determined by:

- the residence of the owner – 31.7%
- the opinion that the Poviat of Policki is a good location – 23.6%
- the availability of labour – 14,4%
- the availability of markets – 13.0%
- the availability of supply – 9.6%
- the availability of supporting institutions – 1.0%

The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market. The presented data show that companies in the Poviat of Policki knowingly or unknowingly apply a strategy for building a quality advantage, that is, they seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality (fig. 5). Presented data highlight uneven regression of the number of indications on individual categories. This may suggest that the companies very individually define their competitive advantage – the fact of conducting business in the same area (Poviat)

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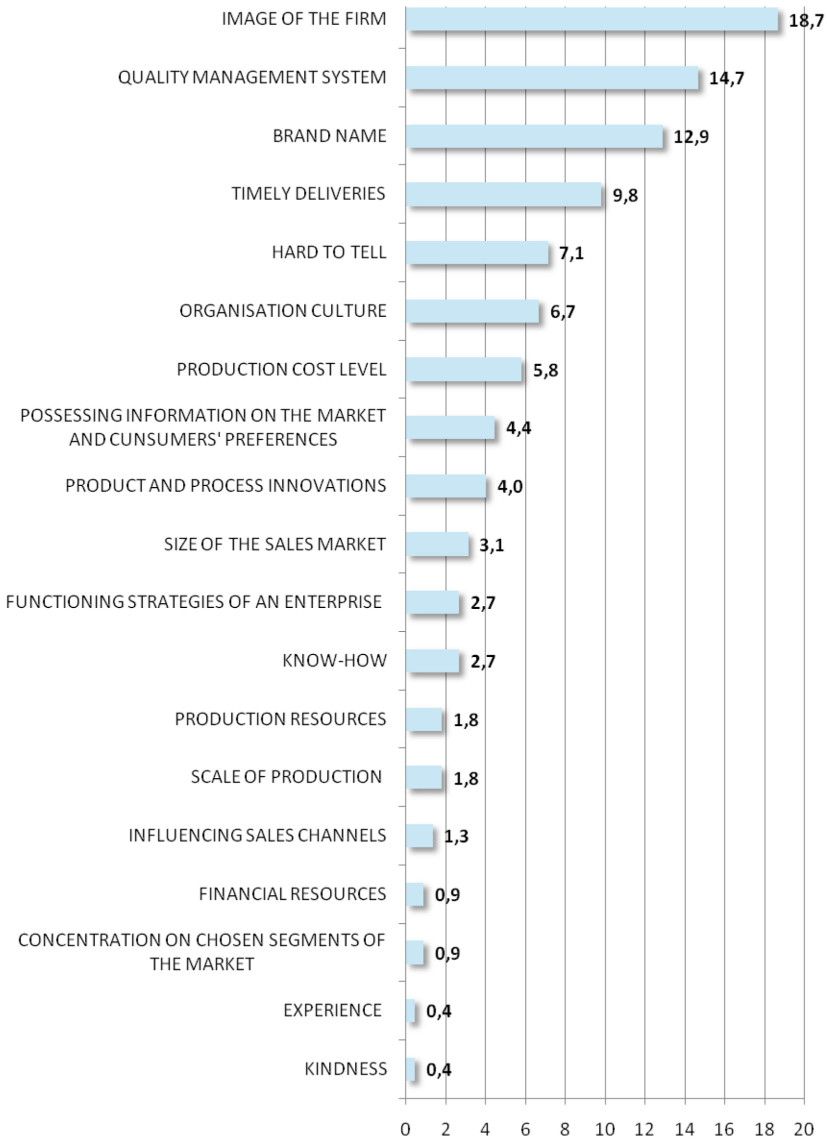
seems not to create a common platform for building competitiveness. However the most numerous group of the respondents – 7.1% were unable to determine the main factors to gain competitive advantage

Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

Most of the surveyed companies estimate their level of competitiveness as that of a local competitiveness – 58.6% and 14.7% of the respondents feel competitive in relation to the entire country. The dimensions of European competitiveness – as felt by the researched – are very meagre – only 12.9% of the respondents believe that they are competitive markets in the

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European Union. In the opinion of the respondents there are 11.2% of companies with competitiveness on the voivodship level. The representative of one firm stated that it is not competitive at all.

Thus, the main competitors of the companies in the Poviat of Policki are other local companies – 78.6%, and companies from Western Europe are seen as a potential competitor by 10.2% of the respondents, 3,2% indicated the firms from the State area.

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses. Among the surveyed companies 15.2% declared that they do not encounter any problems in their business activities; however, the remaining 84.8% of the respondents had some difficult or critical moments.

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- heavy bureaucracy – 12.6%
- uncertainty overall economic situation – 11.1%
- strong domestic and foreign competition – 10.6%
- inadequate domestic demand – 9.6%
- unclear and inconsistent legislation – 8.6%
- no concept of development for cities/municipalities – 5.6%
- high load on the budget – 4.5%;
- a poorly developed infrastructure – 4.0%
- the development of "grey market" – 3.0%
- insufficient foreign market demand – 1.5%
- distance from markets and supply – 1.0%

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications)

- difficulties in accessing funds necessary to operate – 6.1%
- the lack of professional staff – 2.5%
- insufficient technological state of the machinery – 1.0%
- labour costs – 1.0%

The biggest difficulty for the surveyed businesses is learning to function in a free market economy, where experiencing strong competition mechanisms is a norm, and the inherent pressure and constant risks are unavoidable. In addition, the current economic crisis adversely affects the functioning of enterprises changing the value of each element of the market, especially the value of demand and supply. Interestingly enough the surveyed expressed the opinion that they experience a lot of difficulties in their business caused by public institutions – in particularly such as: heavy bureaucracy and high taxation. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, frequent problems, generated by the State and its institutions.

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. In the Poviat of Policki the main practice in these situations are: reducing investment expenditure – 16.1%, reducing the level of employment – 11.3%; reorganisation of the establishment 8.9%; cessation of investment – 8.1%, the reduction in wages – 4.0%.

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The above categories show that a common way to cope with difficult situations by companies is restricting an aspect of the business – passive strategies. Among inventive methods mentioned by the respondents are only: investing in a more dynamic advertising and credits – 0.8% of the indications per each.

It is worth recommending that active strategies should be used, especially those which to some extent secure from the effects of changing surrounding. Not taking any concrete action in a crisis is the most unfavourable phenomenon – and such passivity is owned up to by as many as 30.6% of the surveyed. In addition 15.3% of the surveyed cannot completely define the way of tackling difficult situations, namely 45.9% of the surveyed knowingly or unknowingly apply a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 40.2% of the surveyed conclude that the situation of the company during the last 6 months has not changed, and 14.4% say that it has clearly improved. However, the opposite opinion was voiced by 37.1% of the surveyed, 3.1% of the respondents cannot answer this question. It is clear that the assessment of the socio-economic conditions depends on one's own subjective business experience.

The most important factors causing the deterioration of the situation of companies in the respondents' opinion are:

- the decline in demand for goods and services – 62.7%,
- increase in prices of materials and raw materials – 19.6%,
- strong competition – 3.9%,
- increase in fuel prices and energy – 2.0%,
- crisis – 2.0%,
- greater caution of the investors – 2.0.

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 78.6%,
- the price of fuel and energy – 14.3%,
- the quality of rendered services –7.1%,
- the prices of materials and raw materials– 7.1%.

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

It is generally known that the companies function in a particular external environment – a socio-economic surrounding, whose quality affects the functioning of companies. By 66.0% of the surveyed the economic situation in the region during the last 6 months deteriorated, by only 4.1% of the surveyed it improved and by 29.9% has not changed. Such large percentage of the respondents negatively assessing the last year allows the assumption that apparently the companies from the Poviat's area very quickly felt sharp economic slowdown that occurred in 2008. Undoubtedly, this indicates the occurrence of close links with the world economy, even if they are only indirect relationships.

Anticipating a further period of six months is more pessimistic. Although according to the most numerous category of the surveyed (37.5%) economic situation in the voivodship will deteriorate. 28.1% of the respondents expect the current state to maintain, whereas in relation to the previous period, the group of the optimists slightly increased – 15.6%. And 18.8% of the surveyed have no opinion about the mentioned subject.

The next variable on which the market dimension of business development should be described is the dynamism in the demand for services/products. An attempt to observe changes in this area includes a comparison of the data in relation to the same period last year. And so 15.8% of the surveyed claimed an increasing of the demand, 46.3% estimated its reduction and 31.6% of the surveyed did not predict any changes in the size of demand. The remaining 6.3% of respondents did not know how to estimate the changes in the context of the past year.

The surveyed forecast also changes in the demand for services and products in the context of the period next year. The obtained data of this indicator show the change of situation: the percentage of people who estimate that the demand will increase – 23.4%, the percentage of people who evaluate its reduction clearly decreased and was 11.7%. A relatively large category of the surveyed – 45.7% (like in relation to the previous period), believe that the volume of demand will not change, simultaneously the number of people who are not able to estimate the changes in the volume of demand increased (from 6.3% previously to 19.1% in respect of future), and it allows to judge that the situation on the market is so dynamic that the chances to anticipate changes are limited.

The next and one of the major factors determining the development potential of companies is the level of investment. It is obvious that in order to strengthen the position on the market, and not to be outstripped by competition, a company must take pro-developed actions, one of these types of actions are investment projects. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and to the local or regional development. The benefits of adequately realized investments are obvious and usually mean strengthening the position of the company on the market. No investment always results in stagnation and disappearing of the company from the market.

The primary (though not the only) way to invest is increasing the resources of tangible fixed assets of the company. In this regard the companies of the Policki Poviat present adversely, because in 38.7% of the surveyed companies expenses did not exist, but the companies of the Poviat which do invest usually choose the following goods – ranked by the multiplicity of indications:

- equipment (furniture, appliances) – 31.5%,
- buildings, land – 18.0%,
- vehicles – 11.7%.

Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). 35.2% of the respondents pointed out that the expenses incurred were below PLN 5 000; 33.3 of the surveyed pointed invested in the company development from PLN 5 000 to PLN 50 000; 24.1% of the surveyed companies within the last 6 months invested in the development of their company from PLN 50 000 to PLN 500 000 and expenditure of more than PLN 500 000

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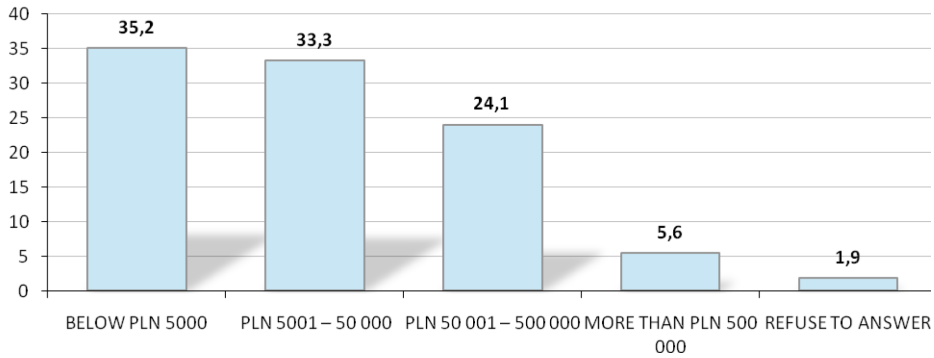
were experienced only by 5.6% of the companies. No doubt, this situation says about a small volume of activity and the lack of sufficient funds to spend on the enterprise development.

Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

The respondents also forecast possible investments in the course of the next six months. Resulting data are worrying, because 51.1% of the surveyed companies do not plan to take expenditure for the purchase, lease, leasing, refurbishment of vehicles, equipment or real estate, but 15.5% cannot give the answer to that question. Only 33.0% of the respondents plan to give funds to investments. If entrepreneurs understand the importance of investment the lack of outlay of this type will simple result in the lack of extension of existing fixed assets of the company.

On the basis of subjective experience respondents also made a long term forecast concerning the situation of the company, according to the surveyed in 3 years:

- the company will be better than today – 30.9%
- the company situation will be similar to the present – 24.7%
- the company will fail in liquidation – 6.2%
- the company will be worse than today – 2.1%
- hard to tell – 36.1%

The worrying signal of analysis of the compiled data is dominant enterprises (36.1%), that are not in a position to evaluate their own development in relation to the relatively near future. On the other hand, the optimism with which the surveyed look ahead is striking, especially so if they claim that the past and current situations are bad. Most of them do not intend to make any significant transformations in business (limited level of investments), How can the situation be changed, then? It must be presumed that the respondents attach great importance to improvement in global prosperity, which according to various forecasts is to return after a period of decline and stagnation.

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Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel.

Partnerships and networking economic links between enterprises can be included to external growth strategy, and as regards its duration and the dimensions, it can be short or long-term cooperation and may be more or less developed.

In this regard the companies of the Policki Poviat compare rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. The majority – 73.8% of the surveyed companies do not co-operate with other entities. The remaining companies that undertake to cooperate with other firms, they do it with: companies operating in the region – 11.7%; consultancy companies – 3,9%; non-governmental organizations – 2.9% and self-governing administration units, educational institutions and innovation centres –1.9% of the indications per each.

Another important issue is applying by entrepreneurs different forms of cooperation with companies in the region. 13.5% of firms cooperating with other companies do it in the form of: the cooperation agreement – 5.2%; the joint venture – 3.1%; associations, concerns and the exchange of goods –1.0% each.

The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to the low use of support from public institutions. The vast majority – 83.7% of the respondents declare that they did not use any available forms of support, the remaining companies benefited from: grants for increasing of employment – 8.2%; grants for opening a business – 3.1%; grants for retraining workers – 2.1%; funding to Social Insurance contributions ZUS and funding tax fees – 1.0% each.

As these data relate to the three previous years, their negative values are especially alarming. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. To expand this issue the respondents were asked, what form of support from local authorities would positively affect the activities of enterprises, but 35.3% of the surveyed did not give an answer to this question. While among the respondents who made a choice for the preferred forms of support, the most important are the following:

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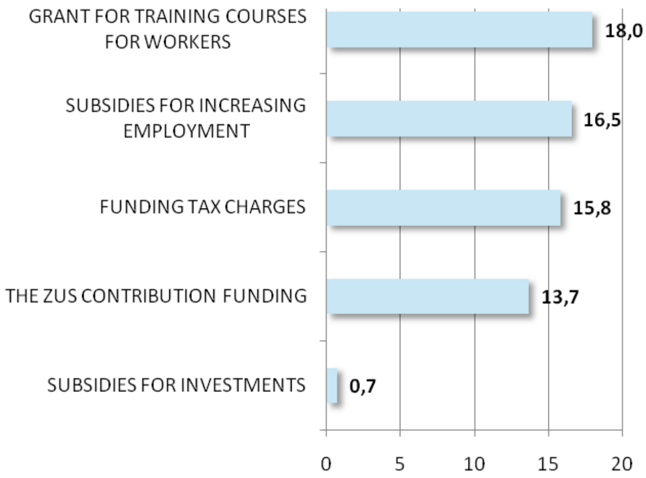
Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

The extent of economic exchange

The economic exchange in the EU takes place on a common internal market, which, firstly, covers the entire EU territory and, secondly, is based on the principle of the four freedoms: the movement of goods, persons, services and capital. You can therefore conclude that analyzed districts participate in this area on the principles of free competition.

Exchange enterprise conducted by members of the trade in the discussed Poviat is limited spacewise – 71.9% of the surveyed companies did not have any international exchange experience, 9.4% of them had some goods or services export experience, 3.1% of them had goods or services import experience, and 15.6% export-import of goods or services.

The entrepreneurs export their products – primarily to Germany – 32.0% of the indications or generally to the European Union – 28.0%. The remaining countries according to the number of choices are: the United Kingdom, France, Italy, Spain, Norway, Russia, Turkey. The cooperation also takes place with the countries of the far East, or the whole world.

The forecasts for export volumes in the context of the next six months are following: by 25.0% of the surveyed – the export level will increase during this period, the opposite view is held by 4.2% of the surveyed, in turn, 37.5% of the surveyed allege that export remains unchanged, and 33.3% of the respondents cannot predict the trends in export.

Innovation in enterprises

Competitiveness of enterprises is determined by many external and internal factors. To the first group the State policy and the level of available infrastructure can be included, to the other the factors from inside of the company, e.g.: the way of managing, working capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is exceptionally a merit factor in development, since it determines not only the pace and directions for economic development in the sense of an individual firm, but also on a local, regional and international scale.

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In terms of innovation activity of companies of the Poviat of Policki is relatively low, only 16.7% of the companies declare that in the period of 2007-2009 applied some innovations, the remaining 83.3% did not take any innovative activities. The entrepreneurs who had declared the application of innovative actions mentioned the following sources of innovation: purchase of technology, own research, purchase of licenses, copying ideas and solutions from competition and also partner/ co-owner's solutions.

The respondents also indicated what are the most important obstacles which they experienced in implementing the innovative solutions. The main difficulty applying innovation is the inability to finance innovative businesses – 14.6% and too large risks associated with the implementation of innovation felt by the entrepreneurs – 11.5%; next is the lack of potential interest in new products/services from clients – 7.3% and no need for using innovative solutions – 3.1%. The most numerous group of the respondents – 60.4% were not able to explain why they do not take innovative actions at all.

Activating entrepreneurs of the Poviat in question has more chances of success, in the context of co-operation with other entities for taking innovative actions. And it is worth knowing that, the volume of institutional fund on research, development and innovation decide, inter alia, about the pace of development of innovation and new technologies in enterprises of a region.

In this regard more than half of the surveyed – 57.6% do not have any expectations and 31.3% of people could not respond to this question. Therefore, 88.9% of all the respondents of the Poviat of Policki have no elementary knowledge of the role of innovative behaviour and the importance of cooperation with other entities in the field of innovation. The remaining group of the respondents ranked their expectations in terms of facilitating, establishing and developing cooperation with other entities in the following way: for 3.0% the creation of programs to promote technological development at the level of municipalities would be important, 2.0% of the respondents drew attention to the need to build the information system about the offers from sectors B+R and 1.0% expected development of institutional infrastructure in brokerage and technology transfer. Taking a small number of respondents who replied to this question, it should be noted that the state of knowledge in this respect is far too small and underestimating the importance of innovation may adversely affect the economic growth of the Poviat.

In terms of the use of modern multimedia tools the Policki Poviat presents quite favourably – 89.6% of companies use the Internet. These companies have their own websites, continually benefit from various types of Web search, Web browsers and e-mail. However, 10.4% of the surveyed companies do not even have a potential access to solutions which are standard in highly developed countries.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The picture which emerges from the analysis of the situation is rather adverse because 87.8% of the surveyed companies in the Poviat of Policki have never used EU structural funds. A little more than 12% used them primarily for: enhancing the quality of staff potential and starting a business – 3.1% each; technical infrastructure development – 2.0% and the purchase

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of land and real estate assets, increasing employment and participation in trade fairs – 1.0% each.

The presented level of the use of funds stems from the lack of interest in this type of support – 43.9%. But it is worth noting, that the majority of the respondents indicated that they are interested in obtaining support from EU funds – above 50%. The entrepreneurs who did use EU grants defined the barriers limiting their effective gaining of the resources (the following factors are organized by declining importance)

- bureaucracy and ambiguity of EU request forms – 21.3%
- short term preparation of the application – 10.6%
- the necessity of own contribution – 9.2%
- cost of preparing applications – 7.8%
- limited access to information about programs – 6.4%
- the lack of adequate programs for the given trade – 2.1%

As it is clearly seen then, that the so far experience in raising funds from the European Union by the entrepreneurs in the Poviat of Policki is not very positive. A significant proportion of the companies, indeed, has no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of Policki in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the district, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

– the increase of population caused by positive birth rate and migration balance,
– changes in the population age structure – permanently decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over,
– the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

– the increment of the rate of the number of working for 1000 people, high value against other Poviats,
– the growth in average monthly gross salaries, the highest level in the voivodship,

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- a systematic decline in the number of unemployed people, the unemployment rate in 2008 ranked the Poviat on the 5-th place in the voivodship among the areas with lower value of the indicator,
- deficit professions in 2008 were only those from such profession groups like: teachers, machinery operators and assemblers, office support staff foresters and fishermen, miners and contractors, mining, industry and construction auxiliary workers and drivers and vehicles and machinery operators. There was a balance in the case of the following groups: mining and processing machinery operators. The highest values of the surplus intensity rate were found in such professional groups as: fine mechanics, ceramics and printing, farmers and fishermen working for their own needs and farmers, gardeners, foresters and market oriented fishermen.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential, however the analysis shows the higher position of the Policki Poviat against others in the Zachodniopomorskie Voivodship. There were clear indications of the economic upturn, evident from the analysed economic indicators like.:

- the growth in the number of economic subjects, especially commercial companies so important for the economic development,
- the increase of the industrial production sold and the Poviat's participation in creating administrative value sold and the second value of the industrial production sold per capita in the voivodship,
- the highest investments in companies per capita and their growth compared to 2004.,
- the highest level of the gross value of fixed assets per capita.

Another conclusion from this analysis is that the development of entrepreneurship in the district will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat of Policki, allows to indicate some specific features for this group. The surveyed firms are engaged primarily in service sectors, primarily within the commercial activity. The microenterprises, registered in the form of natural person businesses are the commonest. Young enterprises, created during the global downturn, whose activities are centred on the local market, because they are present on the market for over 8 years. The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail.

Considering the respondents' answers, it can be concluded that business activity is hampered by both market factors (strong competition, limited demand) and administrative factors (high load on the State budget, too heavy bureaucracy) and positive examples of the support obtained from public institutions were rare. From the voices coming from representatives of companies it is clear that for most of them the State (and its different agencies) does not have any interesting forms(or at least it is not known) of supporting business enterprising. Generally the company's focus is primarily on consolidating its place on the market, and the co-operation and partnership with other enterprises or public institutions are rare occurrences.

Opinions on a broader context of business are negative – the evaluation of both the current downturn in the economy of the voivodship and its prospects are negative. This means, that impetus for development must, according to the surveyed, come from the outside. However, certain symptoms of the positive change of the situation appear in the responses concerning the evaluation of business of some years ahead.

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One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is a small share of innovative solutions used in businesses.

It should be noted that the situation of companies and their prospects for development should not be seen solely in the context of economic considerations. When planning activities whose purpose is to support the development of the economy, you must also take account of social phenomena. It seems that the key problem areas include: the relationship of employers with their employees, as well as with public institutions, and the business environment. It seems to be advocating some action aiming at changing the mindset, the mentality of many entrepreneurs and executives – also in relation to practical aspects of running a business, management, strategic planning, etc. It is also noted that there should be some breakthrough in antagonisms occurring now between the main actors on an economic stage (e.g. entrepreneur-workers, entrepreneurs-officials, entrepreneurs-banks).

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate to much different rules from those of small and medium companies;
2) a series of institutional and procedural barriers need removing in the process of setting up and running a business both at national and local levels;
3) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
4) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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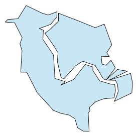
5. The City of Świnoujście

Introduction

Territorial Division

The City of Świnoujście is situated in the north-west of the Zachodniopomorskie voivodship. It borders with the Poviat of Kamieński and The Baltic Sea. In 2008 it covered the area of 197 sq. km, which accounted for 0.9% of the area of the whole voivodship, with the population of 40.8 thousand which is 2.4% of the whole voivodship population. With these figures the City of Świnoujście ranks on the last but one place in the whole voivodship.

Fig. 1. Administrative borders of the City of Świnoujście
(the state for 1.01.2009)



Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect to all entrepreneurs taking part in the research. In the analysed population, the gender regression is slightly asymmetrical: 50.6% of women and 49.4% of men. The next variable was the age of the respondents and it also was uneven – the analysed population indicates the preponderance of older people aged 46-55 – 31.2% of the whole population, and the second group of respondents are people aged 26-35 (20.8%), and the next group: 56-65 – 19.5% and 36-45 – 18.2% of the respondents. With regard to the respondents' education, most of them had higher education – 45.5%, and secondary education – 44.2%. There are far fewer those with vocational education – 10.4%. The last variable is the job or post they hold. Thus there were 54.5% of firm owners, chairperson or director – 7.8%, HR worker – 5.2% and 22.1% of people responsible for talks in the company.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 the city of Świnoujście population slightly decreased by 0.7%. According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic

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dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

In 2008 the average population density rate for the City of Świnoujście was 207 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level. It was the third highest density rate for the whole voivodship – after that for the cities of Szczecin and Koszalin.

Tab. 1. Some demographic features in the Poviat of the City of Świnoujście in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	41098	40819	40829
Population density per 1 km^2	211	207	207

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological age groups (0-14, 15-64, and 65-plus). This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 0.5 thousand, and its general ratio to the total population of the region fell from 13.8% to 12.6%. In the next age group, i.e. age 15-64, there was a fall in both the absolute population (from 30.5 thousand to 30.2 thousand) and its share (from 77.3% to 73.9%). The last age group population, i.e. age 65-plus increased by 13.1% and its share in the total population went up from 11.9% to 13.5%. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the City of Świnoujście the percentage of people in the pre-productive age group was 16.1% (in the voivodship – 19.1%), in the productive age group – 67.0% (65.9% in the voivodship) and in the post-productive age group – 16.9% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the post-productive age group (by 2.4%) and a simultaneous decrease of pre-productive age group (by 1.8%), and the productive age group (by 0.6%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in the City of Świnoujście 324 new children were born, which accounted for a 17.8% increase to the year 2004. For each 1000 people in Świnoujście in 2008 there were 7.9 live births (10.8 in the voivodship) and only 6.7 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

In the years 2004-2008 in the Poviat in question there was a significant increase of the death rate by 11.8%. For each 1000 inhabitants in 2008 there were 9.0 deaths (9.7 in the voivodship), and only 8.1 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Świnoujście City for the period surpassed 50%.

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The population growth, based on the number of live births and the number of deaths for the City of Świnoujście in 2008 was negative (-45 people) and compared to that from 2004 (-55) had decreased. After conversion for each 1000 people, the growth ratio was on the level of -0.3 (1.1 in the voivodship), whereas in 2004 it had the value of -1.3.

Tab. 2. Natural migration of people in the Poviat of Świnoujście City in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	6,7	8,3	7,9
Total death rate for 1000 people	8,1	9,6	9,0
Natural growth rate for 1000 people	-1,3	-1,3	-1,1

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the City of Świnoujście in 2008 the total migration rate was positive and amounted to 41 people, which was caused by the influx of population from other Poviats and from the country. For each 1000 people in the Poviat the migration rate was 1.0 people, and was higher than in the voivodship (-0.8 people).

The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures. These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Poviat of Świnoujście City in 2007 there were 7.9 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 6.7%. In the analysed period there was a significantly bigger increase in the employment of women (by about 8.9%).

For each 1000 people in 2007 there were 193 people (the same average rate for the Zachodniopomorskie voivodship) employed in the firms with nine and more workers, which ranked the Poviat on the 5-th place in the voivodship. The analysis of the employment rate shows its growth compared to 2004 (but lower than in the voivodship).

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Tab. 3. Workers and salary in the Poviat of Świnoujście City in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	7380	7201	7873	106,7
men	3660	3549	3821	104,4
women	3720	3652	4052	108,9
Workers together with individual agriculture	7516	7337	8009	106,6
in% of the agricultural sector	1,4	1,1	1,0	67,8
industrial	15,5	19,1	21,1	136,1
services	83,0	79,8	77,9	93,8
Average monthly gross salary of PLN	2281,32	2472,34	2666,05	116,9

Source: *Own analysis based on the data from the Central Statistical Office.*

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Poviat of Świnoujście City in 2007 the number of people employed was 8.0 thousand. The employment structure by economic sectors shows that only 1.0% of the employed worked in agriculture (due to a municipal character of the poviat), 21.1% in industry and 77.9% in services. Since 2004 the employment in the industry sector slightly increased, and it did so at the expense of services (a smaller drop) and in the agriculture (a bigger drop).

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate in Świnoujście was PLN 2666.05 and it was more than in 2004 by about 16.9% (in the voivodship: 17.7%). The average pay rate in the Poviat was higher than the average in the voivodship (by about PLN 50.00). With respect to the pay rate, the Poviat was on the 4-th place.

In the Poviat, due to its municipal character and better job availability, the unemployment problem on the job market is a bit less pressing social and economic issue than in other poviats of earthly. In 2008 there were 1206 people unemployed (in which women made 58.8%). Since the beginning of the analysed period the number of unemployed dropped by 63.0% (only 54.8% in the voivodship), but the drop was slightly higher for men.

The registered unemployment rate in the Poviat in 2008 was 8.1% (with the average for the voivodship 13.4%) and was one of the lowest in the Zachodniopomorskie voivodship (the 2nd place after Szczecin city). By comparison to 2004 it was on the decrease

Since the beginning of the analysed period there was a slight decrease of the unemployed not entitled to state welfare money (by 4.7%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still worryingly big – in 2008 it was 85.2% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 6.7%), and in the group 25-34, and a decrease in all other age groups (the biggest in the below 25 age group). There were fewer unemployed with a vocational education and more unemployed people in other groups (the most with gymnasium and primary education).

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative

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mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and the job postings made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in the Poviat of Świnoujście City were only found in such big professional groups as: vocational teachers and instructors, teachers, executives of small and medium-sized factories, office workers, drivers and operators of vehicles and self-contained machinery and miners and contractors. There was a balance in the case of the following groups: supportive workers in trade and services, money market and customer service and auxiliary staff in mining, industry, building. The highest surplus was in such groups as: farmers and fishermen working for their own needs, foresters and market oriented fishermen and other industrial labourers and craftsmen. In comparison to 2004 the average surplus intensity rate slightly increased, which means a small improvement for the unemployed on the job market.

Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In the Poviat of Świnoujście in 2008 in the REGON register there were 6.9 thousand firms and businesses which accounted for 3.2% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 4.1% with 5.5% in the voivodship. From among all businesses operating in the area in 2008 over 97% came from the private sector.

Considering the competitiveness of the Poviat of Świnoujście with regard to the business saturation, it ranks on the 3-rd place in the voivodship. On average, the Poviat has 169.3 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Świnoujście is a well developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Poviat of Świnoujście in 2004, 2006 and 2008

SPECIFICATION		2004	2006	2008
All economic subjects		6643	6686	6913
for 1000 people		161,6	163,8	169,3
by economic sectors in %	agriculture	1,2	1,1	1,2
	industry	11,6	13,1	14,1
	services	87,2	85,8	84,7

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for over 97% of all businesses operating in the Poviat. Small businesses employing from 10 to 49 workers made up 2.3%, and medium businesses 0.5%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of all groups in the Poviat increased.

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Analysing the national economy subjects registered in the REGON register according to the legal status it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat of Świnoujście was represented by natural persons running their own businesses (80.7%), with the next place going to trade companies with 4.4%, associations and social organisations with 1.1%, co-operatives with 0.3%, and foundations with 0.1%

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 74.0 trading companies for 10000 people in the Poviat giving it the 4-th place in the voivodship. Compared to 2004, the number increased by 14.4%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 123 such companies in the region, which, when set against 10000 people, gave 30.1 units. Companies with foreign capital accounted for 40.7% of all trading companies in the Poviat, and their number compared to 2004 increased by 15.0%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Poviat of Świnoujście the firms from the service sector were the most numerous. With the number of 5.9 thousand they accounted for 84.7% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 78.5% of all businesses in the Poviat, and non-market services by 6.2% of firms. The percentage of firms from the industrial sector was 14.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails on average more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was only 80, which was 1.2% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that over 59% of the firms in the region in 2008 came from three sectors: trading and repairing, services for housing and firms, and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[13] In 2008 in the Poviat of Świnoujście REGON register 484 new firms were registered, which gave 11.9 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as:

[13] *The Report on the condition of small and average firms in Poland in 2006-2007*. Prepared by Polish Business Development Agency, Warsaw 2007.

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services for housing and firms 21.3%, trade and repairing sector 21.1%, building 14.0%, which is recently a generally observed tendency in the whole country.

In 2008 in the City of Świnoujście 339 firms were crossed out from the register. For 1000 people it gave 8.3 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, services for housing and firms, and building. However, on the whole, it should be noticed that more firms were registered than checked out.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Świnoujście in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	365	469	484
for 1000 people	8,9	11,5	11,9
All checked out firms	279	343	339
for 1000 people	6,8	8,4	8,3

Source: *Own analysis based on the data from the Central Statistical Office.*

Using the shift-share analysis, the level of competitiveness of the City of Świnoujście can be assessed. The level is referenced to the Zachodniopomorskie voivodship with respect to the number of national economy subjects according to the PKD classification code. Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). The level of area competitiveness (KO), reflecting the differences between the Poviat in relation to the voivodship, is very low. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the City of Świnoujście in 2007 it was worth PLN 264.6 million and it was 1.2% of the total production sold in the voivodship. Compared to 2004 there was an increase in the production sold in the Poviat by PLN 159,5 million, and thereby the Poviat's contribution to the production sold in the voivodship also increased.

The industrial production sold for one person in the Poviat was in 2007 PLN 6483 (the average for the voivodship PLN 13447), which gave the Poviat the 13-th place in the Zachodniopomorskie voivodship.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

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Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 persons in the city of Świnoujście in 2007 amounted to PLN 121.3 million and were higher than those incurred in 2004 by about 60.7%.

Tab. 6. Investment and gross fixed assets in the Poviat of the city of Świnoujście in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	75,5	65,4	121,3	160,7
in % agricultural sector:	0,3	0,1	0,7	233,3
industrial	12,8	10,2	42,6	332,8
market services	75,6	81,3	47,8	63,2
non-market services	11,3	8,4	8,9	78,8
per capita in PLN	1836	1597	2979	162,3
The gross value of the asset in million PLN	718,5	1179,0	1104,0	153,7
in % agricultural sector:	0,1	0,0	0,0	0,0
industrial	15,0	12,1	15,0	100,0
market services	78,4	83,8	79,7	101,7
non-market services	6,5	4,1	5,3	81,5
Per capita in PLN	17482	28882	27013	154,5

Source: *Own analysis based on the data from the Central Statistical Office.*

The highest expenditures were incurred in services (primarily in the market services), then in the industrial sector and agricultural sector. Since 2004 the expenditure incurred in services decreased, while in the industrial sector and agriculture– increased. The volume of investments per capita equals to PLN 2979, and was higher than the average in the province and put Świnoujście on the 6-th place among other Poviats of the Zachodniopomorskie voivodship.

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the Poviat was PLN 1104.0 million and was higher than in 2004 by 53.7%. The highest gross fixed assets were recorded in the services sector (mainly in market services), then in industrial sector. According to the gross worth of fixed assets per capita in 2007, the City of Świnoujście was on the 5-th place in the voivodship.

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units.

In 2008, the City of Świnoujście received for the execution of its tasks, 198.4 million PLN (about 65.7% more than at the beginning of the investigation period). It was PLN 4850.81 per capita – which was the 1-st place in the voivodship.

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Tab. 7. Revenue and expenditure of the Poviat of the City of Świnoujście budget in 2004, 2006 and 2008 in PLN

SPECIFICATION	2004	2006	2008	2004=100
Poviat budget revenue	119700179,00	163768789,30	198402842,07	165,7
per capita	2907,67	4004,22	4850,81	166,8
Poviat budget expenditure	122510371,00	157741383,88	210154386,72	171,5
per capita	2975,94	3856,85	5138,12	172,7

Source: *Own analysis based on the data from the Central Statistical Office.*

The expenditure of the poviat amounted to PLN 210.2 million, from which 31.5% were fixed assets investments. The dynamics of the expenditure growth in the poviat (compared to 2004) was higher than of the revenue. The level of expenditure per capita put the poviat on 1-st place in the voivodship.

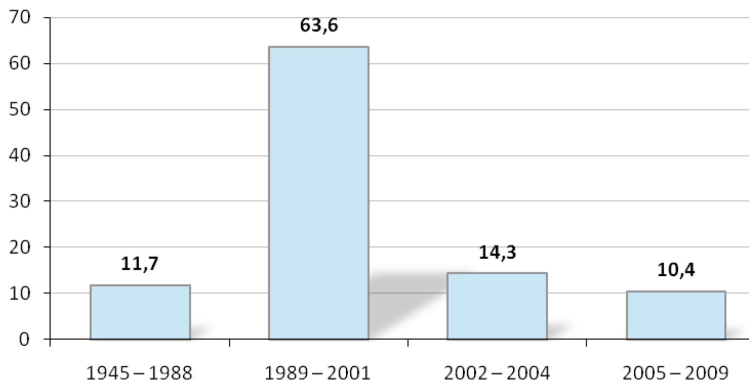
Own research results

A. The State and structure of the economic activity of the companies surveyed

Entrepreneurs and their companies – characteristics of the business

Watching the state of economic activity of the companies in the poviat, one can clearly observe the years of bigger and smaller dynamism in it. The number of registered traders were especially big in years 1989-2001, when 63.6% of new enterprises entered the market (fig. 2). In subsequent years, the number rapidly fell, reaching 14.3% in the period of 2002-2004 and 10.4% in 2005-2009. A significant proportion among these companies constitute those established before 1989. Presented data are companies which still operate on the market, and do not show absolute increment in the number of companies – evidently at the same time a number of companies closed down. In principle it should be noted that companies existing in the Poviat are mainly those which have already had some business experience and they have been operating for more than 8 years.

Fig. 2. The year of founding a company



Source: *Own research.*

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The next variable describing the surveyed group is the size of companies. With regard to this criterion, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 74% of all companies investigated, then come small companies – 9.1% and the medium – 11.7%. Large companies (over 250 employees) were represented only by 5.2%.

Next, regarding the type of activities, single enterprises prevail – 57.1%, and the remaining 42.9% goes to co-partnership companies (of which 22.1% were limited liability partnerships, 9.1% – civil associations, 6.5% – public companies, 2.6% particular partnerships), and also 1.3% of cooperatives, and 1.3% of associations.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies from services market. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of the City of Świnoujście are as follows:

- commercial sector – 29.9%
- service sector – 22.1%
- transport, storing and communication – 15.6%
- hotels and restaurants sector – 7.8%
- protection of health and social welfare sector – 6.5%
- industrial processing sector – 3.9%
- producing and sending electricity and gas energy – 2.6%
- real estate sector, renting and business services – 2.6%
- educational sector – 2.6%
- financial intermediation – 2.6%
- construction sector – 1.3%
- agriculture, hunting and forestry sectors – 1.3%
- fishing sector – 1.3%

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows that: 34.7% of companies hire people with higher education, 39.7% with secondary education, and 23.1% with vocational education. In addition, 2.5% of enterprises employ persons with primary education.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of the City of Świnoujście in 2008 in the case of 15.6% of companies the employment declined, and increased in 5.2% but in 79.2% of the surveyed companies there was no personnel traffic.

The main causes of the reduction in the number of workers, if any took place, were:

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- the issues of external problem with
  - seasonal work – 7.7%
- internal issues:
  - dismissing employees on their own request – 23.1%
  - unprofitability of the production and sales – 15.4%
  - retiring – 7.7%
  - the lack of workers' diligence – 7.7%.

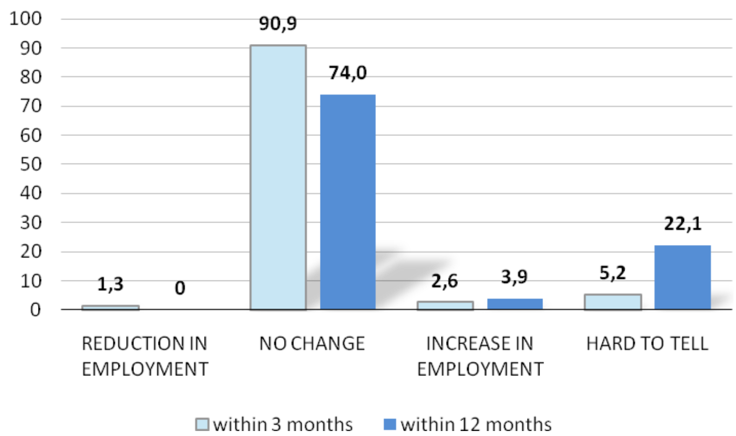
In addition, 30.8% of the companies indicate other reasons for the decrease in the number of workers, but does not define them specifically, and 7.7% of them have problems with the answer to this question.

In turn, the increase of employment in the company was due to the increasing demand for the products or services – 25% the extension of the scope of their activities – 50% or the seasonal nature of work – 25%.

These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, in addition, in the Poviat we can see natural factors explaining personnel traffic in companies (retirement, leaving at one's own request). It is worth stressing that large personnel fluctuation is not a favourable factor to business efficiency and indeed has negative consequences for companies.

The declarative dynamism in employment within the next three months, and the nearest year is relatively satisfactory. Only a negligible proportion of respondents promise to reduce the level of employment (1.3%). Some changes were noticed in respondents' answers referring to keeping employment on the same level: in respect of 3 months it is 90.9%, in respect of 12 months – 74.0%. The forecast for the growth in employment is as follows: in the context of 3 coming months 2.6% of the respondents estimated an increase in the levels of employment, in regard to subsequent 12 months the number of indications increased to 3.9%. 5.2% of the tested cannot predict employment dynamics for three months and over four times more (22.1%) for the next six months (fig. 3).

Fig. 3. Planned changes in employment



Source: *Own research.*

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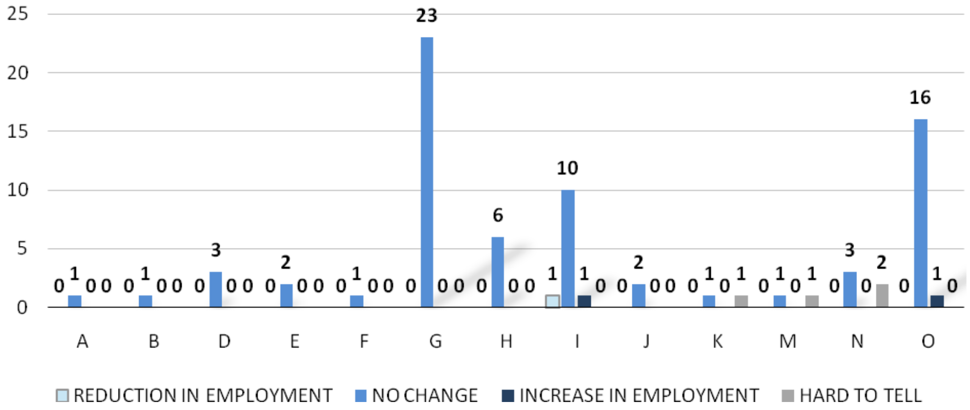
Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates (fig. 4). The reduction in employment is expected only in section: I – Transport, storing, communication. A waiting attitude is dominant among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers. The growth in employment is expected by individual firms from sections: I – Transport, storing, communication and O – Services and activities like: municipal, social, individual and other.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the Poviat of the City of Świnoujście the largest coverage indicator are only two professions: machinery operators and assemblers – 50% and technicians and middle level personnel, also 50%.

The distribution of indications according to type of required education in potential workers is as follows: secondary technical consistent with the firm's activity – 25%, additionally, employers require from employees such skills as: special professional courses preparing for work, driving license category C, E and some previous experience in the job – 25% each. It is worth noticing that the above qualifications and professional skills are not disjoint requirements.

Seeking new employees may be done internally (the so-called internal recruitment), and by external recruitment (seeking employees on an external labour market). With regard to the Poviat of the City of Świnoujście the analysis refers to the external recruitment process. The companies looking for employees declare the application of the following recruitment strategies. There were 12.2% of answers that persons interested in obtaining work applied for it in person, in 13% of cases that they were recommended by others. Using traditional forms of employment by the companies of the poviat is as follows: 13% of the firms seek workers with the assistance of UP (the Work Centre), and 20% of the entrepreneurs use advertisements in the press or the Internet, through professional job agencies – only 1.7%, and the remaining 40% declared that they did not seek employees at all.

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The company's development potential – the company's remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this, the so called sensitive variable, is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. With regard to the Poviat of Świnoujście City over 26% of respondents refused to answer. The response shows that wages in the course of the past and the present year have gained the following level of dynamism. In 2008 in 24.7% of cases salaries increased, but in 2009 it was so only in 9.2% of cases. The fact worth emphasising is the declaration to leave salary levels unchanged; in 2008 45.5% of the companies froze salaries, but with regard to the 2009 up to 61.8% declare to do so (tab. 8)

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	24,7	9,2
Were reduced	3,9	-
Unchanged	45,5	61,8
Refusal to answer	26	28,9

Source: *Own research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human resources management. It is of course a cost-generating item, but in the long term enhances business. In the Poviat of the City of Świnoujście the number of companies using courses is relatively high, 41.4%, and those who do not send their workers 58%.

The companies using such courses send their workers mainly to courses in the following fields: accountancy, finances, marketing, courses for machinery operators, languages, sales and customer services, management, IT, ISO, Safety at Workplace (bhp), and other special and branch courses covering: first aid, hairdressing, waiting, bartenders, florists, medical training, taxes, treasury, auditors, property experts, product oriented, services, ventilation systems, etc.

The above list of trainings shows that companies send their worker to them in order to secure themselves, but they also equip their workers with expertise, from which they will be able to benefit in their future career. The situation in which companies do not invest in human resources, they do not strengthen intellectual capital so in the long term it always has to result in a lowering of development potential.

Today, in the time of technology development, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. The technologies used in enterprises determine the potential of the companies of the Poviat of the City of Świnoujście as follows: 25.8% of companies use modern technological lines purchased in 2008/2009, 38.2% within the last five years, in 10.7% of companies use technological lines purchased before 2004.

In terms of modernity of machinery in the firm, the data are as follows:

- machines and modern devices – purchased in 2008/2009 – 26.2% of companies,

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- machinery and equipment used from 3 to 6 years – 41.3% of companies,
- machinery and equipment used from 7 to 10 years – 11.6% of companies,
- machinery and equipment used for over ten years – 5.3% of companies.

The data above seem to suggest that the technological potential of the companies in the municipal poviat of Świnoujście is relatively good. Moreover, the data gives a picture of companies which try to keep up with market requirements, adjusting their solutions and machinery to new demands. However, strangely enough, 25.3% of the respondents were not able to determine the technology applied in the company, and 15.6% of respondents could not specify the technological state of the machinery used in their company. This might suggest that they did not want to admit to using in their companies outdated and old solutions which are generally disapproved of. This group cannot be firmly associated with the companies using the machinery and equipment older than 10 years. However, it can be assumed that a significant proportion of them are just such companies.

B. Market dimension of business – binding undertakings with their surrounding
***The dimensions of the competitiveness of enterprises*.**

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the City of Świnoujście the choice of location for their activity was determined by:

- the residence of the owner – 39.9%
- the opinion that the City of Świnoujście is a good location – 23.1%
- the availability of labour – 18.2%
- the availability of markets – 8.4%
- the matter of chance – 6.3%
- the availability of supply – 3.5%
- avalilability of supporting institutions – 0.7%

The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market.

The presented data show that companies in the municipal poviat of Świnoujście seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality – the strategy for building a quality advantage (fig. 5). Some issue emerging from the answers of the surveyed was the inability to define the notion of competitive edge of a company (7.6%), even if this inability was displayed by employees, it is worrying that they do not have the knowledge of key

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topics for the company and its further development – as indeed gaining a competitive edge in some field allows the company to strengthen its position.

Fig. 5. The surveyed companies competitive advantage

Source: *Own research.*

It is worth indicating that to maintain the competitive advantages obtained, there should be taken some measures seeking also to strengthen the price and information advantages, which to some extent lacked among the investigated companies. Most of the surveyed companies estimate their level of competitiveness as that of a local scale – 58.7%. In the opinion of the respondents there are 10.9% of companies with competitiveness on the voivodship level, 14.1% on a national scale, and 8.7% on the European Union scale. The remaining 4.3% cannot answer this question, or think that they are not competitive at all – 2.2%.

According to the respondents their main competitors are other local firms – 81.3% of indications, companies from Western Europe are seen as potential competitors by 7.8% of surveyed, national firms – in 2.2% of the cases, non-European countries 2.6%, no competition felt 1.3%, and 6.5% could not give any answer.

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses. 15.9% of the surveyed companies declare that they encounter no problems in activities; however, the remaining 84.1% of the respondents are experiencing crisis or inconvenient situations.

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- uncertainty of the overall economic situation – 17.2%
- strong domestic and foreign competition – 12.4%
- inadequate domestic demand – 12.4%
- heavy bureaucracy – 10.3%
- unclear and inconsistent legislation – 7.6%,
- high load on the State budget – 4.8%;
- no concept of development for cities/municipalities – 4.1%
- insufficient foreign market demand – 3.4%
- a poorly developed technical infrastructure – 2.1%
- the development of 'grey market' – 0.7%
- large distance from the outlets and supply – 0.7%
- changes on the market – 0.7%

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications)

- the lack of qualified workers – 3.4%
- difficulties in accessing funds necessary to operate – 2.1%
- problems with executing vindication – 0.7%
- high costs of employment – 0.7%
- lack of raw materials, pre-fabricates due to non-financial factors – 0.7%

The biggest difficulty for the surveyed businesses is learning to function in a free market economy, where experiencing strong competition mechanisms is a norm, and the inherent pressure and constant risks are unavoidable. Interestingly enough the surveyed expressed the opinion that they experience a lot of difficulties in their business caused by public institutions – in particularly such as: heavy bureaucracy and high taxation. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, frequent problems, generated by the State and its institutions.

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Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. In the Poviat, the main practice in these situations are: reducing investment expenditure – 22.8%, or in general cessation of investment – 7.6%, the re-organisation of the establishment 6.5%; reducing the level of employment – 6.5%; the reduction in wages 3.3%; reducing working hours in job contracts – 2.2%, and sending employees to payless vacations 1.1%. and the use of savings – 1.1%.

This means that to a great extent, the reaction to crises is restricting any aspect of activity, which is a passive strategy. The inventive methods were not used by the Poviat in question, although it is always worth recommending active strategies, which to some extent secure from the effects of changeable economic ambience. Evidently the worst tactics is to take no concrete action in the face of a crisis, which was done by up to 31.5% of the respondents, applying a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the diagnosis of the firm's situation on a local market. And so, 48.1% of the surveyed conclude that the situation of the company during the last 6 months has not changed, 24.7% say that it has clearly improved, but the opposite opinion was voiced by 23.4% of the surveyed, and 3.9% couldn't answer this question. It is clear that the assessment of the socio-economic conditions depends on one's own subjective business experience, gained in the market.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for the item and service – 94.7%
- increase in fuel prices and energy – 5.3%

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 61.9%,
- euro exchange rate – 9.5%
- finding investors – 9.5%,
- hard to tell – 19.1%

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

The assessment of functioning of a business is determined to a great extent by the condition of the environment in which it operates. Thus, another important issue is to examine the surveyed in the context of economic situation in the voivodship.

In this respect there are more pessimists 36.4% claiming that for the last 6 months the situation deteriorated, with a small group of optimists 10.4% claiming some improvement. At the same time, a big group 53.2% claim that in the last 6 months economic situation did not change. Such a big divergence of opinions seems to be caused by high subjectivity of business

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experience in the market. If a firm prospers effectively, its propensity to positive opinions on the environment it operates in is bigger (and vice verse).

Forecasts for the next 6 months are more optimistic. According to the biggest group 45.5%, the situation in the voivodship will not change. The number of pessimists expecting deterioration fell, as compared to the previous period,– only 14.3%. And that of optimists rose to 22.1%, and 18.2% still could not answer this question.

The next variable on which the market dimension of business development should be described is the dynamism in the demand for services/products. An attempt to observe changes in this area includes a comparison of the data in relation to the period last year. And so 21.1% of the surveyed anticipate increase in demand, 36.8% – expects its fall, and 40.8% believes it will remain on the same level. The remaining 1.3% of respondents did not know how to estimate the changes in the context of the past year.

The surveyed forecast also changes in the demand for services and products in the context of the same period next year. The obtained data of this indicator show a clear change of situation, the percentage of those who predict growing trends in demand – 38.2%, and a shrinking group of those anticipating a fall in demand – 3.9%. A relatively big group, 42.1% (similarly like in the previous period) believe that demand will stay unchanged. Also, the number of those who could not estimate the changes grew (from 1.3% previously to 15.8% in respect to the future period), which clearly suggest that the situation on the market is so dynamic that it is not possible to predict any changes.

One of the major factors determining the development potential of companies is the level of investment. It is obvious that in order to strengthen the position on the market, and not to be outstripped by competition, a company must take pro-developed actions, one of these types of actions are investment projects. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and to the local or regional development. The benefits of adequately realised investments are obvious and usually mean strengthening the position of the company on the market. No investment always results in the stagnation and disappearing from the market.

The primary (though not the only) way to invest is increasing the resources of tangible fixed assets of the company. In this regard the companies of the Poviat of the City of Świnoujście present adversely, because in 41.6% of the surveyed companies investment expenses did not exist, but the companies of the Poviat of Świnoujście which do invest usually choose the following goods – ranked by the multiplicity of indications:

- equipment (furniture, appliances) – 29.2%
- vehicles – 11.2%
- buildings, land – 18.0%

The value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). Nearly third of them (32.5%) pointed out that the expenses incurred were in the bracket to PLN 5000, 25% spent sums from PLN 5 000 to PLN 50 000. Without doubt, this suggests a small scale of their operations, and its sector specificity – the firms involved in minor services mostly do not require costly equipment. In contrast, a relatively large group of companies – 32.5% invested sums in the regions from 50 000 to 500 000, and 5.0% of companies invested over 500 000, while 5.0% refused to answer this question

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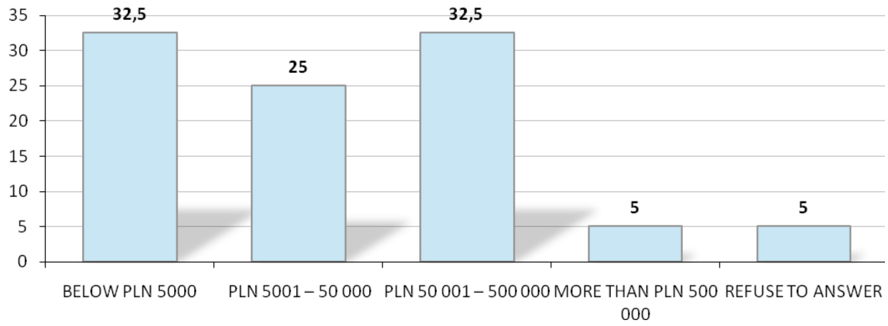
Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

The respondents also forecast possible investments in the course of the next six months. The resulting data are worrying. Up to 49.4% of the surveyed companies do not plan over the next six months of 2009 to have expenditure for the purchase, lease, lease either for refurbishment of vehicles, equipment or property. 27.3% do have such an intention, and 23.4% cannot answer this question. If the respondents are aware of the importance of investment, there is a serious risk that no effort of this type will result in stopping the growth of existing fixed assets of the company.

On the basis of subjective experience respondents also made a forecast for the situation regarding their own company for the next 3 years:

- it will be better than today 35.1%
- the situation of the company will be similar to the present 31.2%
- the company will fail in liquidation 3.9%
- the company will be worse than at present 1.3%
- it's hard to tell 28.6%

A worrying signal from the analysis of the compiled data is that a significant number of companies (28.6%), which are not in a position to evaluate prospects for development in relation to the relatively near future. Therefore, their self-awareness as well as position on the market and the very existence might become questionable.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel.

Partnerships and networking economic links between enterprises can be included to external growth strategy, and as regards its duration and the dimensions, it can be short or long-term cooperation and may be more or less developed.

In this regard the Poviat of the City of Świnoujście compares rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. The overwhelming majority – 67.4% of the surveyed companies do not co-operate with other entities. In respect of the remaining 32.6% of the companies that undertake to cooperate with other firms, they do it with: individual persons

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– 7.0%, consultancy companies – 5.8%, educational institutions – 5.8%, self-governing units – 3.5%, innovation institutions, entrepreneurship incubators, non-governmental organizations, Government units, companies operating in the region – 2.3% each, and foreign firms – 1.2%.

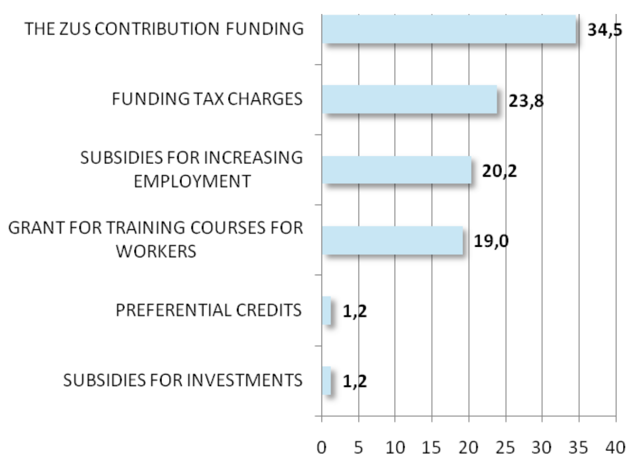
Another important issue is applying by entrepreneurs different forms of cooperation with companies in the region. The overwhelming majority of the surveyed companies (90.8%) do not co-operate with other entities. The vast number of indications from the 9.2% of those cooperating with others do it in the forms of: cooperation based on a commission agreement – 5.3%, joint venture – 2.6%, association – 1.3%.

The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to the low use of support from public institutions. The vast majority – 85.9% of the respondents declare that they do not use any available forms of support, the remaining 14.1% of companies benefited from: the increase of employment in the company (2.6%), trainings and courses for employees (5.1%), funding for setting up a business (3.8%).

The above date are for the last 3 years, so they show a negative picture. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. To expand this issue the respondents were asked, what form of support from local authorities would positively affect the activities of enterprises, but 25% of the surveyed were not able to give an answer to this question. While among the respondents who made a choice for the preferred forms of support, the most important are the following: funding the ZUS contribution (34.5%), funding tax charges (23.8%), subsidies to increase employment (20.2%) and grants for training courses for workers (19%) (fig. 7)

Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

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The extent of economic exchange

The economic exchange in the EU takes place on a common internal market, which, firstly, covers the entire EU territory and, secondly, is based on the principle of the four freedoms: the movement of goods, persons, services and capital. You can therefore conclude that analyzed districts participate in this area on the principles of free competition.

Economic exchange conducted by members of the trade in the discussed Poviat is limited spacewise – 83.1% of the surveyed companies did not have any international exchange experience, 11.7% of them had some goods or services export experience, 1.3% of them had goods or services import experience, and 3.9% export-import of goods or services.

If the companies do export their products, they sent them mainly to: Germany (21.1%). The other countries of the EU which were mentioned are: France, the UK, Italy, Greece and other UE countries.

The forecasts for export volumes in the context of the next six months are as follows: by 33.3% of the surveyed – the export level will increase during this period. A large group of respondents (50%) think that exports will remain unchanged and 16.7% cannot predict the trends in export.

Innovation in enterprises

As already mentioned the competitiveness of enterprises is determined by many factors of the external and internal nature. The first group of factors includes such as: State policy and the condition of the available infrastructure, to other group includes the internal factors, e.g.: the type of management, held capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is exceptionally merit-type of a factor for development, since it determines not only the pace and directions for economic development on an individual scale, but on a local, a regional and an international scales as well.

The innovation rate in business in the area of the Poviat of the City of Świnoujście is low, because only 10.4% of companies declare that in the period of 2007-2009 they have applied some innovations, the remaining 89.6% did not take any innovative actions. In respect of the companies which applied some form of innovation, the source of their innovation was: (listed due to the declining number of indications):

- purchase of technology – 50%
- introducing innovation by partner/ co-owner – 25%
- purchase of licenses – 12.5%
- acquiring quality certificates – 12.5%

The above data show that the companies in the region do not have their own resources to develop their own innovations. On the other hand it is worth noting that the most common way of implementing innovation, and reported by the firms in the Poviat of the City of Świnoujście – ethical, although certainly financially stretching – is the purchase of technologies.

The surveyed also defined the barriers in implementing innovations. The main reason for applying innovation on such a small scale is the inability to finance innovative businesses – 25.3% of answers, too large risks associated with the implementation of innovation – 13.3%, and next the lack of potential interest in new products/services from client – 10.7%, the lack of need for innovative solutions – 8.0%. Unfortunately, up to 42.7% of the surveyed were unable to diagnose the reasons for which innovation was hampered or impossible.

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Activating entrepreneurs of the Poviat in question has more chances of success, in the context of co-operation with other entities for taking innovative actions. Noticeably, the pace of growth of innovation and new technologies in an enterprise and a region are determined, among others, by the volume of institutional funding on research, development and innovation.

In this regard, over half of the surveyed – 51.3% do not have any expectations and 21.3% cannot answer this question. And therefore 72.6% of all respondents of the Poviat of the City of Świnoujście have no basic knowledge on the role of cooperation with other entities in the field of innovation. Other answers (27.4%) prioritized their expectation as to simplifications in making contacts and developing cooperation as follows: 12.5% for the creation of programmes to promote technological development at the level of municipalities, then indicated the need to build a system of information on technological needs of companies and the need for building institutional infrastructure for intermediation and transfer of technologies – 5% each, the next 3.8% the need for building an information system on the offers prepared by units B+R and 1.3% showed the need for improving the quality and suitability of offers for companies prepared by units B+R.

Considering that only 27.4% of respondents answered the question the knowledge in this area seems to be much too low, and underestimating innovation appears to be caused by the delays in economic development of the poviat in question.

As for the use of modern multimedia tools, the companies operating in Świnoujście City show favourably, 84.4% are using modern IT systems like the Internet. The firms form this group of respondents possess their own web sites, and e-mail accounts. Only 15.6% of the surveyed so far have not used multimedia tools like the Internet.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The emerging picture is somewhat alarming. 82.5% of the surveyed companies in the Poviat of Świnoujście City have never been using EU structural funds. The remaining 17.5% have used them mainly for: the development of technical infrastructure – 5.0%, to increase their employment – 3.8%, to raise the quality of potential staff – 5.0%, while 3.8% of the surveyed cannot answer whether, and if so, on what the company has spent the EU structural funds.

The presented level of the use of funds in 45.5% of cases stems from the lack of interest in this type of support. Interestingly enough, more than half of respondents 49.4% do not want to benefit from EU structural funds. The entrepreneurs who did use EU grants defined the barriers limiting their effective gaining the resources (the following factors are organized by declining importance):

- bureaucracy and ambiguity of EU request forms – 24.0%
- limited access to information about programs – 12.8%,
- costs of preparing the application – 11.2%
- short term preparation – 9.6%,
- the necessity of own contribution – 7.2%,
- failure to comply with conditions – 4.8%

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As shown above, the previous experience of the entrepreneurs in the Poviat of the City of Świnoujście with applying and using EU structural funds is not very positive. A significant proportion of the companies, indeed, have no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of the City of Świnoujście in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the Poviat, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

- a slow decrease in population caused by outflow of people from the region;
- changes in the population age structure – a permanent decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over
- the decline of the population in the pre-productive age, and the increase of the population in the working age and in the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

- the increment of the rate of the number of working for 1000 people (5-th place in the voivodship),
- the growth in average monthly gross salaries (4-th place among others poviats),
- a systematic decline in the number of unemployed people, being one of the lowest in the voivodship (2-nd place),
- The deficit jobs in 2008 in the Poviat of Świnoujście City were only found in such big professional groups as: vocational teachers and instructors, teachers, executives of small and medium-sized factories, office workers, drivers and operators of vehicles and self-contained machinery and miners and contractors. There was a balance in the case of the following groups: supportive workers in trade and services, money market and customer service and auxiliary staff in mining, industry, building. The highest surplus was in such groups as: farmers and fishermen working for their own needs, foresters and market oriented fishermen and other industrial labourers and craftsmen.

It can be said that the Poviat reached the level of economic development that would reflect its resources and its full potential. Still, there were clear indications of the economic upturn, evident from the analysed economic indicators like:

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- growth in the number of economic subjects, especially so important for economic growth commercial partnerships,
- increase of the industrial production sold,
- the increase of the Poviat's participation in creating voivodship value sold,
- the increase of investments in companies,
- higher than in 2004, the gross value of fixed assets,
- the level of revenue and expenditure per capita which gave the Poviat the 1-st place in the voivodship.

Another conclusion from this analysis is that the development of entrepreneurship in the Poviat will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat, allows to indicate some specific features for this group. The surveyed firms are engaged primarily in service sectors, with a dominating role of commercial activity. The commonest are microenterprises, registered in the form of a natural person establishments, but also other forms of business activity (like all kinds of partnerships). A significant proportion of the structure of the surveyed companies have enterprises with previous experience in business, which are present in the market for over 8 years. The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and medium-term (12 months) – indeed waiting attitudes prevail – the companies do not plan any significant movements of personnel – neither in employment nor in redundancies.

Considering the respondents' answers, it can be concluded that business activity is hampered by both market factors (strong competition, limited demand) and administrative factors (high load on the State budget, too heavy bureaucracy) and positive examples of the support obtained from public institutions were rare. From the voices coming from representatives of companies it is clear that for most of them the State (and its different agencies) does not have any interesting forms(or at least it is not known) of supporting business enterprising. Generally the company's focus is primarily on consolidating its place on the market, and the co-operation and partnership with other enterprises or public institutions are rare occurrences.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is a small share of innovative solutions used in businesses.

It should be noted that the situation of companies and their prospects for development should not be seen solely in the context of economic considerations. When planning activities whose purpose is to support the development of the economy, you must also take account of social phenomena. It seems that the key problem areas include: the relationship of employers with their employees, as well as with public institutions, and the business environment. It seems to be advocating some action aiming at changing the mindset, the mentality of many entrepreneurs and executives – also in relation to practical aspects of running a business, management, strategic planning, etc. It is also noted that there should be some breakthrough in antagonisms occurring now between the main actors on an economic stage (e.g. entrepreneur-workers, entrepreneurs-officials, entrepreneurs-banks).

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of

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SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate to much different rules from those of small and medium companies;

2) a series of institutional and procedural barriers need removing in the process of setting up and running a business both at national and local levels;
3) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
4) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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Summary

The evaluation of the socio-economic situation of the Subregion Szczeciński and the level of entrepreneurship of its businesses is ambivalent. Although the subregion takes the lead in many socio-economic aspects of life in the Zachodniopomorskie Voivodship (for instance in industrial production), it has not yet reached the level of economic development which would correspond to its all available resources and its full potential. It should be remembered that the subregion is not a coherent area and any changes in the market do not occur in all poviats with the same intensity and at the same pace. Within the subregion there are three noticeable poviats: the City of Świnoujście and Policki, which have big cities, which are centres of development in post industrial societies. The job market develops more dynamically in cities, businessmen invest here more often, because they have technical and social infrastructure necessary for the development, and they also have more educated work force. In the rest of the poviats, the pace of changes was not so satisfactory.

Considering the level of saturation with businesses in the subregion, it can said that it is a poorly developed area with regard to entrepreneurship because taking into account the number of the businesses in general, as well as for 1000 people it ranks on the last but one place in the voivodship, only before the Subregion Stargardzki. The biggest number of businesses on the analysed area were registered in the following poviats: Goleniowski, and Policki. Notably, in all poviats there was a rise in the number of businesses, with business partnerships in particular. The situation on the job market improved in the Poviat of Policki and Świnoujście. Positive changes, i.e. the drop of unemployment and the number of unemployed and an average pay rise were observed in all poviats, whereas the employment rate for 1000 people did not rise in the Poviat of Gryfiński, and the unemployed in rural areas fell only in the Poviat of Goleniowski. The growth of the value sold in industry and investments of companies was noted in all poviats. The gross value of fixed assets did not increase only in the Poviat of Kamieński. The barrier in development can be low revenues and expenditures in the budgets of the local administrative units in Gryfiński and Goleniowski Poviats. A positive development regarding the whole area is a rising tendency of the DGP in the subregion, and the gross added value. However, there is a slight difference in the structure of creating the gross added value in comparison with the voivodship.

From the data gathered in the course of our research the following conclusions can be drawn. Due to significant differences in business activity done in different poviats of the subregion Szczeciński, it is difficult to find a common denominator characterising the subregion's economy, which seems to be internally varied and full of untypical and unique conditions prevailing in different poviats of the subregion. This variety is also mirrored in the structure of business classification according to the Poland's Code for Activities (PKD) (fig.1). Notably, in some poviats there are firms operating in the categories which are not so intensely represented in other poviats (for example H – Hotels and restaurants in Gryfiński and Kamieński). On the other hand, the saturation of a poviat with firms leading varied activities, or the opposite, with one or two dominating business fields (e.g. G – Wholesales, and retailing; repairs of cars, motor bikes, and personal and household appliances. And section O – Services: communal, social, individual and others in Goleniowski Poviat).

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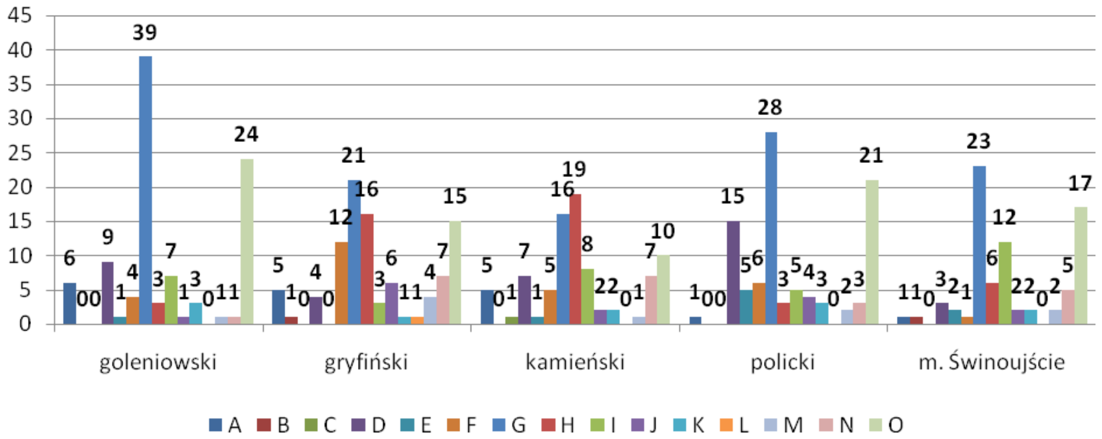
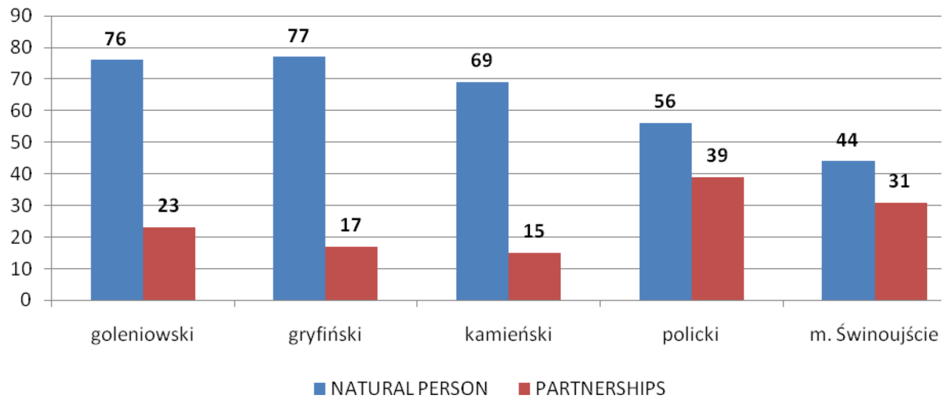
Fig. 1. The structure of business activity of firms in different Poviats in the Subregion of Szczeciński according to the sections of the PKD section (data in absolute values)



Source: own research

The maturity of a local economy is indirectly visible in the legal form under which businesses operate – the presence of partnerships is always perceived as a symptom of passing from an initial stage of development to that of greater stability and finally to greater level of develoment. As mentioned before, the Poviats with big cities are clearly visible among the others. Also in this compilation, the porportion of the firms registered as partnerships to those regestered as individual businesses is the most favourable in the Poviat of the City of Świnoujście and that of Policki. Indeed, in both of them partnerships account for nearly 70% of all the registered under the category of personal people running individual busnisesses (fig. 2)

Fig. 2. The structure of firms in different Poviats of the Subregion of Szczeciński according to legal forms of business activity (data in absolute values)



Source: own research

The presented data illustrate the variation of the subregion's economy. However, identifying its specificity aims at applying an efficient and justifiable intervention, whose objective is to strengthen the economic system of particular territorial units.

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IV. STARGARDZKI SUBREGION

Introduction

Stargardzki Subregion is located in eastern and the central part of the Zachodniopomorskie Voivodship. It borders with such Subregions like: Koszaliński, Szczeciński and the City of Szczecin, and the Baltic Sea and the Lubuskie Voivodship. Moreover the Poviat of Myśliborski within this subregion lies by the Polish-German border. Its area in 2008 was 6.8 thousand sq. km. which 29.9% of the voivodship. Its population was 375.1 thousand people, which is 22.2% of the population of the voivodship. This puts the subregion on the 2nd and 3rd places in the voivodship respectively. The administrative division of the subregion consists of:

- 6 poviats of earthly: Choszczeński, Gryficki, Łobeski, Myśliborski, Pyrzycki and Stargardzki;
- 38 communes: 1 municipal, 20 municipal-rural and 17 rural.

The poviats of the subregion are varied in size. The smallest is the poviat of the city of Pyrzycki, which covers 10.6% of the subregion. The biggest poviats are: Choszczeński and Stargardzki, and together they cover over 41% of the subregion.

In 2008 the rural coverage rate, illustrating the share of rural areas in the total area of the subregion was 96.3%, which put the subregion on the 1st place in the voivodship. The urban coverage rate was on the level of 3.7% giving the subregion on the last place.

The development of the regions is one of the prerequisites of improving economic potential of given areas. Therefore, creating conducive conditions for the development of economic potential has been defined as a strategic target of national development. Developing entrepreneurship and attracting investors are also among the main objectives of strategic development plans of the poviats in the Subregion of Stargardzki.

Macro-economic conditions for business development on the level of subregion can be measured by the analysis of the data on the DGP or on the structure of generating the gross added value. The DGP shows the final result of all subjects of national economy. Its value in 2006 for Stargardzki Subregion was PLN 6660 million and was bigger than in 2004 by 8.2% (average growth for the voivodship was 12.6%). The DGP per capita was PLN 17722 which was only 70.0% of that in the voivodship. The rising DGP per capita confirms a sustainable development of the subregion's economy.

In comparison with 2004, there was an increase of the gross added value, illustrating the value of products (goods and services) created by market and non-market entities (reduced by the indirect usage necessary for creating it), by 7.0%. The results of the shift-share analysis show the level of subregion competitiveness in the voivodship with respect to the structure of the gross assed value according to the Poland's Code for Activities (PKD) (assuming the same tendencies of changes in that area). The results of the analysis confirm the differences in the structure of creating the gross added value for the subregion and the voivodship. Also, they show that the growth of that value in the subregion is dependent on its economic potential. This potential in the subregion is higher in sectors connected with: trade and repairs, hotels and restaurants, transport, storing and communication, and other services and industry sectors. It turns out that the newly created value in the subregion was bigger than in 2004 almost in all sections of Poland's Code for Activities (PKD) (except agriculture). However the changing tendencies are slower than in the voivodship. The unfavourable structure of creating GAV (gross added value) in the firms of the subregion caused the negative shift compared to that in the voivodship, mainly due to poorly developed agriculture, industry and the remaining services. The

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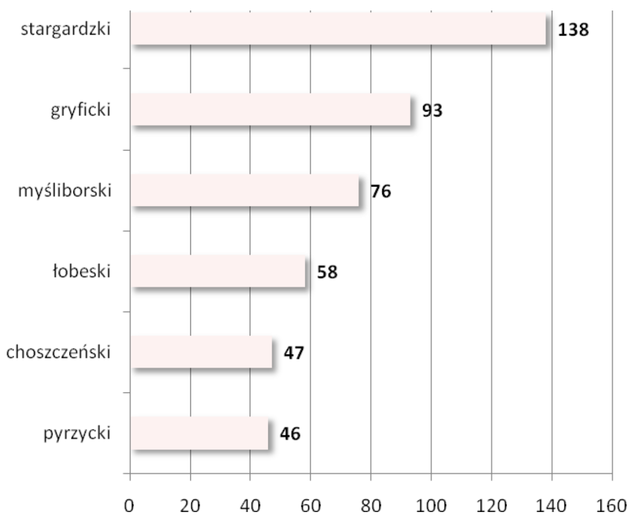
level of competitiveness of an area (PO variable), illustrating the differences in the growth rates in the subregion and the voivodship, is low. Compared to the general development level of the voivodship the level of competitiveness with respect to the structure of creating GAV for the Subregion of Stargardzki shows favourably – which is illustrated by the positive shift of the total (PC), due to positive shifts in the analysed groups of activity (except for agriculture, hunting, forestry, fishery).

Particular poviats of the Subregion of Stargardzki were represented by a varied number of firms, the biggest share in the surveyed sample were the subjects located in the Poviat of Stargardzki, and the smallest those from the Poviat of Pyrzycki.

Fig. 1. The structure of the sample in the Subregion of Stargardzki
(data in absolute values)



Source: *Own research.*

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1. The Poviat of Choszczeński

Introduction

Territorial Division

The Poviat of Choszczeński is situated in the south of the Zachodniopomorskie voivodship. It borders with four neighbouring Poviats: Drawski, Myśliborski, Pyrzycki, Stargardzki and Wałecki and Lubuski voivodship. In 2008 it covers the area of 1328 sq. km, which accounts for 5.8% of the area of the whole voivodship, and has the population of 50.0 thousand which is 2.9% of the whole voivodship population. With these figures the Poviat of Choszczeński ranks on the 7-th and 12-th place respectively in the whole voivodship.

The Poviat consists of six communes: urban-rural Choszczno, Drawno, Pełczyce and Recz communes, and two rural Bierzwnik and Krzęcin communes. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 97.0% and put this Poviat on the 6-th place in the voivodship. Respectively the urban area ratio was on the level of 3.0% which meant the 12-th place in the voivodship.

In the whole Poviat there are 232 towns and villages with the proportion of 228 villages and four towns: Choszczno, Drawno, Pełczyce and Recz. The capital of the Poviat is Choszczno. The biggest advantage of the Poviat of Choszczeński is its natural qualities: large forest complexes, a varied landscape and picturesque lakes.

Fig. 1. Administrative borders of the Poviat of Choszczeński
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect to all entrepreneurs taking part in the research. In the analysed population, the gender regression is somewhat asymmetrical: 54.3% of men and 45.7% of women. The shape of the next variable, namely age, indicates the advantage of the older people among the respondents

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between 46 – 55 years of age – 38,3%, the next age bracket of 26 – 35 – 19,1%. The remaining age categories (except for the least numerous – above 65 years of age) are represented by the a similar number of respondents – about 10%. With regard to all respondents, most of them had a secondary education – 59.6%, and tertiary education – 29.8%, a vocational education – 8.5%, and primary education – 2.1%. The last variable is the job or post they hold. Thus there were 74.5% of firm owners, less than 5% for groups such as: chief accountants, chairpersons, directors and HR workers and 10.6% of people responsible for talks in the company.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 the Poviat of Choszczeński population decreased by 1.0%. According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

the Poviat of Choszczeński belongs to the poorly populated areas, the average population density rate in 2008 was 37 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the similar level.

In 2008 the Poviat of Choszczeński all city population was 23.9 thousand people, which in turn determined the urban demographic rate on the level of 48.0%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, the Poviat of Choszczeński seems to be a region of low urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rates, the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in the Poviat of Choszczeński in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	50282	50020	49779
Urban demographic rate	47,6	47,8	48,0
Rural demographic rate	52,4	52,2	52,0
Population density per 1 km^2	38	38	37

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological age groups (0-14, 15-64, and 65-plus). This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 1.1 thousand, and its general ratio to the total population of the region

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fell from 18.6% in 2004 to 16.5% in 2008. In the next age group, i.e. age 15-64, there was an increase from 35.2 thousand to 35.8 thousand in the respective years. However, the ratio of this group to the total population increased from 70.1% to 71.9%. The last age group population, i.e. age 65-plus increased by 1.2% but its ratio to the total population went up from 11.4% to 11.6%. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Choszczeński Poviat the percentage of people in the pre-productive age group was 20.9% (in the voivodship – 19.1%), in the productive age group – 65.1% (65.9% in the voivodship) and in the post-productive age group – 14.1% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 1.9%) and post-productive age group (by 0.9%), and a simultaneous decrease in the pre-productive age group (by 2.7%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in the Poviat of Choszczeński 581 new children were born, which accounted for a 9.2% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 11.5 live births (10.8 in the voivodship) and only 10.4 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in a given area. In the years 2004-2008 in the Poviat in question there was an increase of the death rate by 3.3%. For each 1000 inhabitants in 2008 there were 9.9 deaths (9.7 in the voivodship), and only 9.5 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Choszczeński in all the years in question amounted to over 50%.

The population growth, based on the number of live births and the number of deaths in the Poviat of Choszczeński in 2008 was positive (79 people) and compared to that from 2004 had increased. After conversion for each 1000 people, the growth ratio was on the level of 1.6 (1.1 in the voivodship), whereas in 2004 it had a negative value of -0.9.

Tab. 2. Natural migration of people in the Poviat of Choszczeński in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	10,4	10,8	11,5
Total death rate for 1000 people	9,5	9,3	9,9
Natural growth rate for 1000 people	0,9	1,5	1,6

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the Poviat of Choszczeński in 2008 the total migration rate was negative and amounted to -148 people, which

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was caused by the outflow of people to other Poviats in the voivodship or going abroad. For each 1000 people in the Poviat the migration rate was negative (-3.0 people), and was higher than in the voivodship (- 0.8 people).

The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent make the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Choszczeński Poviat in 2007 there were 6.3 thousand people working in firms employing nine and more worker nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 4.9%. In the analysed period there was a significantly bigger increase in the employment of men (by about 11.2%).

For each 1000 people in 2007 there were 126 people employed in the firms with nine and more workers, which ranked the Poviat on the 18-th place in the voivodship (with the average rate for the Zachodniopomorskie Voivodship 193 employed in nine-plus firms for each 1000 people). The analysis of the employment rate shows its growth compared to 2004 (but lower than in the voivodship)

Tab. 3. Workers and salary in the Poviat of Choszczeński in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	5974	6163	6264	104,9
men	2790	2887	2945	105,6
women	3184	3276	3319	104,2
Workers together with individual agriculture	7881	8070	8171	103,7
in% of the agricultural sector	33,5	34,4	34,2	102,2
industrial	21,1	21,0	20,8	98,4
supporting	45,4	44,6	45,0	99,1
Average monthly gross salary of PLN	1874,84	2027,08	2228,60	118,9

Source: *Own analysis based on the data from the Central Statistical Office.*

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Choszczeński Poviat in 2007 the number of people employed was 8.2 thousand. The employment structure by economic

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sectors shows that 34.2% of the employed worked in agriculture (whereas the average percentage in the voivodship is 11.8), 20.8% in industry and 45.0% in services. Since 2004 the employment in the agriculture sector slightly increased, and it did so at the expense of the service sector (a smaller drop) and in industry (a bigger drop).

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was 2228,60 and it was more than in 2004 by about 18,9% (a similar increase was for the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by about PLN 387.00). With respect to the pay rate, the Poviat was on the 12-th place.

In the Poviat of Choszczeński, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 3257 people unemployed (in which women made 55,4%). Since the beginning of the analysed period the number of unemployed dropped by 47,1% (only 54,8% in the voivodship), and the drop referred mainly to male workers. 62,1% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the increase – the percentage of unemployed people living in villages was higher than in 2004.

The registered unemployment rate in the Poviat in 2008 was 28.4% (with the average for the voivodship 13.4%) and was on the 12-th place in the Zachodniopomorskie Voivodship. By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a slight decrease of the unemployed not entitled to state welfare money (by 6,8%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still worryingly big – in 2008 it was 77,3% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 5.6%) and in the 45 – 54 age group and a decrease in all other age groups (the biggest for the unemployed below 25 years). There were also more unemployed people with a general secondary and university education, and also gymnasium and lower education and fewer unemployed with a vocational education, as well as post-secondary and secondary vocational education.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and the job postings made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in the Poviat of Choszczeński were only found in such big professional groups as: auxiliary workers in agriculture, office support staff, money market and customer service workers, employees at work in trade and services and managers of big organisations. There was a balance in the case of vocational teachers and instructors. The highest surplus went to such groups as: farmers and fishermen working for their own needs, other specialists and medium level technical personnel. In comparison to 2004 the average surplus intensity rate was almost the same (minimal increase), which means unchanged situation for the unemployed on the job market.

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Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In the Choszczeński Poviat in 2008 in the REGON register there were 3.9 thousand firms and businesses which accounted for only 1.8% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 14.2% (with 5.5% in the voivodship). From among all businesses operating in the area in 2008 over 95% came from the private sector.

Considering the competitiveness of the Choszczeński Poviat with regard to the business saturation, it ranks on the last place in the voivodship. On average, the Poviat has 77,4 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Choszczeński Poviat is a very weakly developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Choszczeński Poviat in 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
All economic subjects	3373	3610	3853
for 1000 people	69,8	74,7	79,8
by economic sectors in % agriculture	6,2	6,5	6,9
industry	20,6	21,5	24,1
services	73,3	72,0	69,1

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 94% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 4,9%, and average businesses only 0.9%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro and small businesses in the Poviat increased, and that of average businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status it was observed that in 2008 in the economic subject structure the most numerous group in the Choszczeński Poviat was represented by natural persons running their own businesses (75.3%), with the next place going to trade companies with 4.7%, associations and social organisations with 3,7%, co-operatives with 1,0%, and foundations with 0.1%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 36,8 trading companies for 10000 people in the Poviat, giving it the 14-th place in the voivodship together with the Poviat of Wałecki. Compared to 2004, the number increased by 16,6%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 72 such companies in the region, which, when

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set against 10000 people, gave 14,5 units. Companies with foreign capital accounted for 39,3% of all trading companies in the Poviat, and their number compared to 2004 increased by 3.5%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Poviat of Choszczeński the firms from the service sector were the most numerous with the number of 2,7 thousand they accounted for 69,1% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 59,2% of all businesses in the Poviat, and non-market services by 9.9% of firms. The percentage of firms from the industrial sector was more than 24%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails, on average, more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.3 thousand, which was only 6.9% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that over 55% of the firms in the region in 2008 came from three sectors: trading and repairing, services for housing and firms, and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition. In 2008 in the Poviat of Choszczeński REGON register 478 new firms were registered, which gave 9,9 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: building 27,4%, trade and repairing sector 24,1%, which is recently a generally observed tendency in the whole country.

In 2008 in the Poviat of Choszczeński 355 firms were crossed out from the register. For 1000 people it gave 7.4 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, services for housing and firms, building and industrial processing sector. However, it should be stressed that more firms were registered than checked out.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Choszczeński in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	322	496	478
for 1000 people	6,7	10,3	9,9
All checked out firms	273	340	355
for 1000 people	5,6	7,0	7,4

Source: *Own analysis based on the data from the Central Statistical Office.*

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Using the shift-share analysis, the level of competitiveness of the Choszczeński Poviat can be assessed. The level is referenced to the Zachodniopomorskie Voivodship with respect to the number of national economy subjects according to the PKD classification code.

Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). The level of competitiveness of the area (KO) illustrating the differences between the growth rate in the Poviat in comparison to the voivodship is high, and its positive value shows high competitiveness of the Poviat. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the Choszczeński Poviat in 2007 it was worth PLN 105,1 million and it was 0,5% of the total production sold in the voivodship.

The industrial production sold for one person in the Poviat was in 2007 PLN 2107.00 (with the average for the voivodship PLN 13447.00). That gave the Poviat the 19-th place in the Zachodniopomorskie Voivodship. The leading areas in industrial activity were the following Poviats: Goleniowski, Policki and Szczecinecki.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region. Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 persons in the Poviat of Choszczeński in 2007 amounted to PLN 28,3 million and were higher than those incurred in 2004 by 89,9%.

The highest expenditures were incurred in the agricultural sector, then in industrial and services. Since 2004 the expenditure incurred in agriculture increased largely, in the industrial sector – slightly while in services decreased. The volume of investments per capita equals to PLN 568, and was much lower than the average in the province and placed Choszczeński on the last place among other Poviats.

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the district was PLN 345,4 million and was higher than in 2004 by 8,5%. The highest gross fixed assets were recorded in the industrial sector, then in services (primarily in the market services) and agricultural sector. Compared with 2004, the capital expenditure on industry increased, in the agricultural sector and services decreased. According to the gross worth of fixed assets per capita in 2007, Choszczeński Poviat was on the 21-st (last) place in the voivodship.

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Tab. 6. Investment and gross fixed assets in the Poviat of Choszczeński in 2004, 2006 and 2008

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	14,9	23,5	28,3	189,9
in % agricultural sector:	23,5	39,5	42,8	182,1
industrial	39,6	36,6	41,3	104,3
market services	34,2	19,6	8,5	24,9
non-market services	2,7	4,3	7,4	274,1
per capita in PLN	295	470	568	192,5
The gross value of the asset in million PLN	318,2	324,3	345,4	108,5
in % agricultural sector:	26,8	24,7	25,0	93,3
industrial	42,4	47,2	49,4	116,5
market services	27,8	24,1	21,3	76,6
non-market services	3,0	4,0	4,3	143,3
Per capita in PLN	6327	6483	6932	109,6

Source: *Own analysis based on the data from the Central Statistical Office.*

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities).

In 2008, the Poviat of Choszczeński received for the execution of its tasks, 38,6 million PLN (about 42,6% more than at the beginning of the investigation period). It was PLN 775,93 per capita and gave the 15-th place among the Poviats of earthly. Expenditures amounted to PLN 39,5 million of which investment expenditure property constituted 4,4% (the lowest percentage among other Poviats). The growth of expenditure in the Poviat (compared with 2004) was higher than revenues. Spending per capita placed the Poviat on the 14-th place among the Poviats of earthly.

Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within the Poviat of Choszczeński in 2004, 2006 and 2008 in PLN

SPECIFICATIONS	2004	2006	2008	2004=100
Poviat budget revenue	27091263,00	31196163,16	38637211,47	142,6
per capita	538,47	623,10	775,93	144,1
Poviat budget expenditure	26194324,00	32505951,89	39534948,09	150,9
per capita	520,64	649,26	793,95	152,5
Revenue of municipalities' budgets	79941675,00	101580416,06	124276544,81	155,5
per capita	1588,92	2028,93	2495,76	157,1
Expenditure of municipalities' budgets	85581724,00	103073905,06	136314110,65	159,3
per capita	1701,02	2058,76	2737,51	160,9

Source: *Own analysis based on the data from the Central Statistical Office.*

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The budgets of districts of the Poviat of Choszczeński in 2008 drew the joint income equalling to PLN 124,3 million and the amount of income per capita placed the Poviat on the 14-th place in the province. Municipalities spent PLN 136,3 million, in which property investments accounted for an average of 20,9% of the total expenditure budgets of these communes. Compared with 2004, the expenditure of municipalities increased faster than their revenue.

Own research results

A. The State and structure of the economic activity of the companies surveyed
Entrepreneurs and their companies – characteristics of the business

The number of registered traders in the Poviat of Choszczeński after 1989 have been systematically increasing. 50% of the companies still present on the market started running between 1989-2001 (fig. 2). In the next period (2002-2004) there is a notable decrease in the number of newly registered companies, only 14.9% new companies, and in the last five years (2005-2009) the number of newly registered companies has had the rising tendency – 23.4% of new companies. The presented data are companies which still operate on the market, and do not show the absolute increment of the number of companies in the district – obviously at the same time a certain number of companies closed down. In principle it should be noted that the companies presently operating in the Poviat are mainly those which have already had some experience and which started when free market economy was being introduced to Poland.

Fig. 2. The year of founding a company

Source: *Own research.*

With regard to the companies in the Poviat, micro-enterprises that employ to 9 employees strongly outweigh others and they account for 74,5% of all companies investigated, then come small companies – 14,9% and the average – 10,6%. Large companies with more than 249 employees were not represented in the study.

Next, regarding the type of activities, single enterprises prevail – 83.0% and the remaining 17.0% goes to co-partnership companies (of which both constituted limited liability companies and explicit companies – 6.4%, and civil associations – 4.3%). So significant predominance of single firms may indicate a trend of changes on the local labour market – from employment, towards self-employment.

Undertaking a business activity by individuals not having a legal personality enables relatively quick adapting to local and regional market conditions, and it requires relatively low start-up recourses and allows the owner to achieve the whole profit, while taking the total liability for the functioning of the enterprise.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies from service markets. However, the commercial sector of different type is represented the most, other types of economic activity appear very seldom. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of Choszczeński are as follows:

- Wholesale and retail trade; repair of vehicles, motorcycles, and personal and household goods – 36,2%,
- Services, social and personal, remaining – 19,1%,
- Industrial processing sector – 17,0%,
- Agriculture, hunting and forestry sectors – 8,5%,
- Construction sector – 4,3%,
- Transport, storing, communication sector – 4,3%,
- Companies in financial intermediation – 4,3%,
- Production and distribution of electricity, gas, water – 2,1%,
- Hotels and restaurants – 2,1%,
- Health and social assistance – 2,1.

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows the dominance of people with secondary education – people with such education were hired by 43,1% of the respondents, people with higher education – 25,5%, vocational education – 23,5% and primary education – 3,9%.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Choszczeński in 2008 in the case of 6,4% of companies the employment declined, then increased in 12,8% but in 80,9% of the surveyed companies there was no personnel traffic.

The main causes of the reduction in the number of workers were:

- the issues of external problem with
  - disposal of products and services – 50,0%,
  - unprofitability of the production and sales – 25,0%

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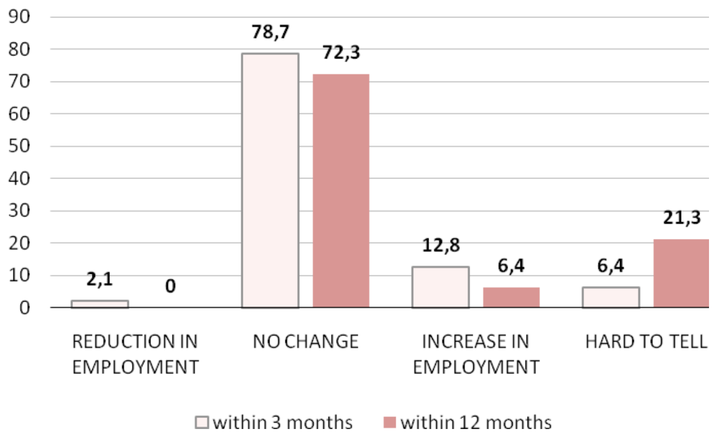
- internal issues:
  - retirement of workers – 25,0%

In turn, the increase of employment in the company was due to the increasing demand for the products or services – 42,9% or the extension of the scope of their activities – 28,6%. These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, besides there are natural factors explaining the personal traffic in the firms (retirement, resigning at their own request).

The declarative dynamism in employment within the next three months, and the nearest year is satisfying because only 2,1% and 0,0% of the surveyed plan to reduce the number of employees. Moreover the respondents (in both periods of time) declare maintaining the level of employment in relations to 3 months – 78,7%, in respect of 12 months – 72,3%. In turn, the forecast on growth in employment varies, as in the context of 3 coming months 12.8% of respondents estimated increase levels of employment, in regard to subsequent 12 months the number of indications decreases by half – 6,4% declares employment growth. A substantial group of people was unable to specify their expectations, especially in the long term (21.3% for 12 months).

Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates. During the three upcoming months the plans for changes in employment are as follows: its reduction was envisaged only in section D – Industrial processing. Waiting attitudes strongly dominate which manifests in declarations that employment will not change once, and it is difficult to tell. It should however be noted that in relation to companies waiting for reduction of employment, in prevalence although in proportion to the sample size, they are not so numerous – are companies that believe that it will increase. Companies pending more workers belong to section G – Wholesale and retail trade, repair of vehicles, motorcycles and personal and household goods and I – Transport, storage and communications. Certain revitalization is expected also in section F – Construction and J – Financial intermediation.

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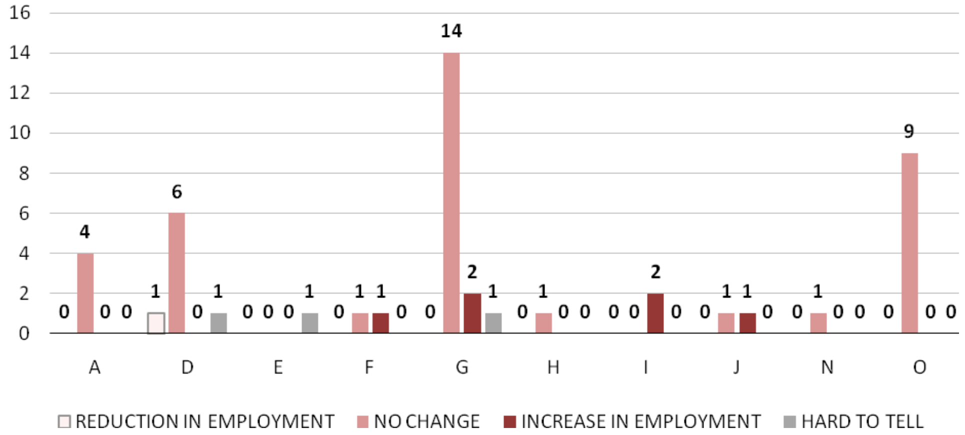
Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the Poviat of Choszczeński the most needed are operators and machinery and equipment assemblers – 33,3%; and then senior officials and executives; professionals in physical sciences, mathematics and engineering; employees of personal services and sellers; machinery operators and assemblers; employees for unskilled work – 16.7%.

Distribution per individual types of education required from potential workers is as follows: higher education – directional consistent with the profile of business; vocational education compatible with the profile of business, qualification courses and permissions for driving with category B – 16,7%, other features: technical secondary education – in accordance with the profile of business; permission for driving with categories C and E; seniority in given professional field and building capacity were chosen once, representing 8.3% each.

In the Poviat of Choszczeński the subject of analysis was the external recruitment process. Companies looking for employees do it mostly through Office Work – 32, 8% and advertisements in the press – 10,9%. There were also 7,8% of answers that persons interested in obtaining work themselves come to work for the company or are recommended by others.

The company's development potential – the company's remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this is the so called sensitive variable, which is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. In the Poviat of Choszczeński more than 20% of the respondents refused to answer. The declaration shows that wages in the course of the past and the present year had a varying dynamics. In 2008 25.5% of cases salaries increased, in 2009 it was so in 4,3% of cases. A strongly positive fact, in the context of the global downturn, is the declaration of leaving salary levels unchanged; in 2008, 46,8% of the respondents maintained the salary, but with regard to the 2009 such a response was chosen by 72,3% of the surveyed (fig. 9). It is also noted that

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while in 2008 in 6,4% of cases salaries were being reduced, in 2009 reductions have not occurred.

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	*25,5*	*4,3*
Were reduced	*6,4*	0
Unchanged	*46,8*	*72,3*
Refusal to answer	*21,3*	*23,4*

Source: *Own research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. It is of course an item cost-generating, but in the long term enhances business. A worrying signal is that up to 66.1% of the surveyed companies do not use this type of solutions, the remaining 33.3% of enterprises declare using thematically diverse training like: handling machinery and equipment, marketing, management, accounting, sales and customer service, specialized related to the trade of the firm, finance, foreign languages, computer skills, BJP, new technologies and ZUS training. They are to some extent investments in the company, rather than investment in human capital – developing employees. The situation in which companies do not invest in human resources, or not strengthen intellectual capital, always results in the lowering of development needs. However, this situation may be a consequence of the current economic crisis and the drastic looking for savings by enterprises.

Today, in modern societies, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. Relatively new technologies being used in enterprises in the Poviat of Choszczeński show as follows: 25,5% of companies use modern technological lines purchased in 2008/2009, 38,3% – within the last five years, but 21,3% of companies use technological lines purchased before 2004.

In terms of modern technology procurement, the data are as follows:

- machines and modern devices – purchased in 2008/2009 – 17% of companies,
- machinery and equipment used from 3 to 6 years – 48,9% of companies,
- machinery and equipment used from 7 to 10 years – 12,8% of companies,
- machinery and equipment used for over ten years – 6,4% of companies.

From the presented data emerges a picture of companies that keep pace with the challenges of the market, by adjusting their solutions to modern requirements.

B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Choszczeński the choice of location for their activity was determined by:

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- the residence of the owner – 36,7%,
- the good location – 18,4%,
- the availability of labour – 16,3%,
- the availability of markets – 14,3%,
- the availability of supply – 9,2%,
- the availability of supporting institutions – 1,0%

The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of labour and markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market.

The presented data show that companies in the Poviat of Choszczeński seek to give such marketing elements as brand, image, the characteristics of a higher quality than the competition, while their potential customers being used to high quality – the strategy of building quality advantage and precise preferences of the customers (fig. 5). However, the most important factor, as most often chosen by the respondents, deciding about the company's competitive advantage is timely deliveries (13%). This is only one of the forms of gaining such an advantage. However, this is a factor which may be relatively quickly neutralised by competing companies, the advantage being built on it is not lasting.

Most of the surveyed companies estimate their level of competitiveness as that of a local competitiveness – 85,1%. In the opinion of the respondents there are 17,0% of companies with competitiveness on the voivodship level, and 10,6% respondents feel competitive in relation to the entire country and only 6,4% in relation to the European Union. The remaining – 2.1% estimated that their firms are not competitive at all.

According to respondents their main competitors are other local companies – 87,2%, companies from Western Europe are seen as potential competitor by 6,4% of the respondents, while national companies in 4, 3% of cases.

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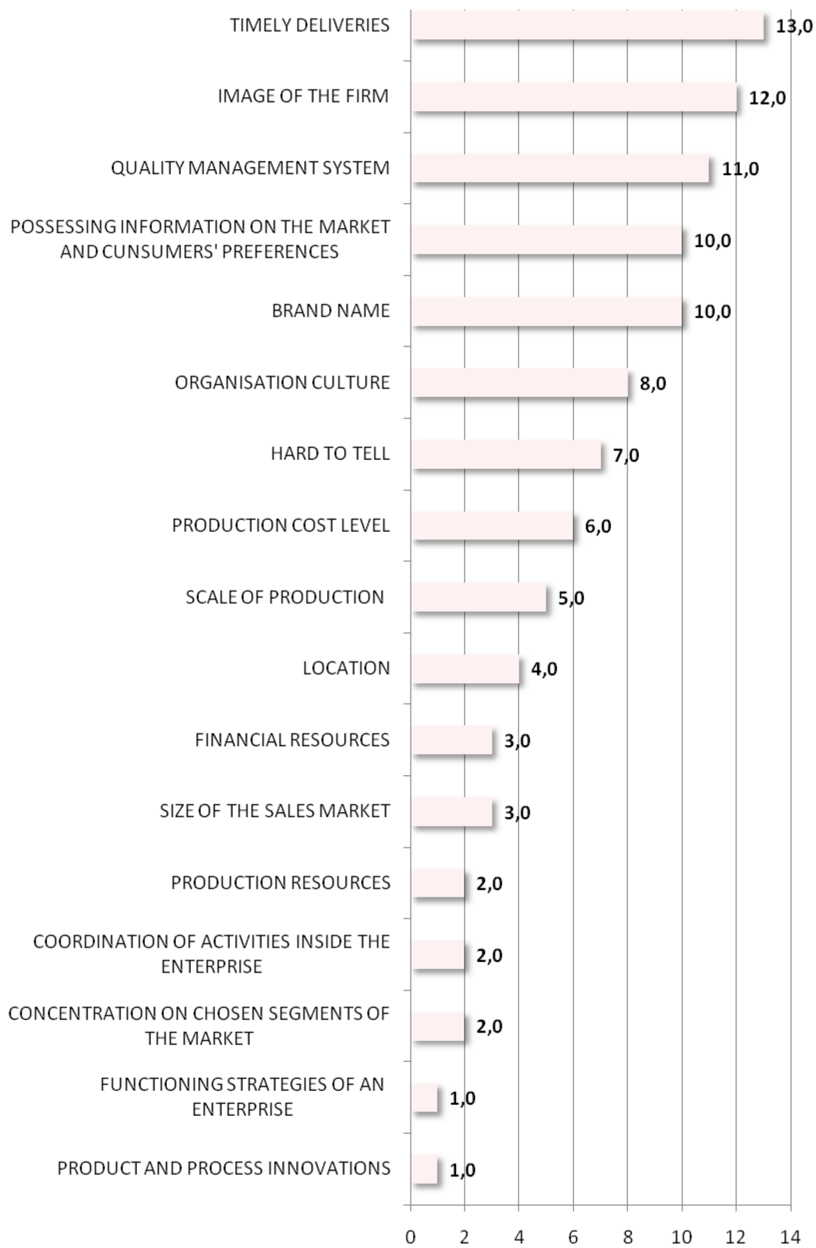
Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

As a result of the continuous changes in the socio-economic ambience the business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses – 9.5% of the surveyed companies declare that they encounter no problems in their activity; However, the remaining 90,5% of the respondents experience inconvenient or crisis situations.

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Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- heavy bureaucracy – 15,8%
- strong domestic and foreign competition – 14,7%
- uncertainty of the overall economic situation – 13,7%
- inadequate domestic demand – 12,6%
- high load on the budget – 8,4%
- unclear and inconsistent legislation – 6,3%
- no concept of development for cities/municipalities – 5,3%
- a poorly developed infrastructure – 1,1%
- insufficient foreign market demand – 1,1%
- the development of 'grey market' – 1,1%
- transport – 1,1%

The great importance noted by the surveyed is particularly heavy bureaucracy and high load on behalf of the State budget as well as impeding role of public institutions. This means that entrepreneurs need to deal not only with the pressure of the market, but, in their opinion, frequent problems, given by the State and its institutions. Another type of discomfort experienced by entrepreneurs is learning functioning on the economy market, where it is a norm to experience strong competition mechanisms, the pressure and the need to take risks.

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications):

- difficulties in accessing funds necessary to operate – 5,3%
- the lack of professional staff – 2,1%
- a shortage of raw materials, materials and semi-finished articles due to non-financial factors – 1,1%
- the lack of suitable machinery – 1,1%

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. The majority of respondents seem to believe that the best ways to deal with these situations are: reducing investment expenditure – 42,6%, the reorganization of the establishment and reducing the level of employment – 10,6% each; or in general the cessation of investment – 8,5%, the reduction in wages – 4,3% and sending employees to payless vacations 2,1. This means that to a great extent, the reaction to a crisis impedes some aspect of business activity, which is a passive strategy.

Among active actions to exit from a crisis there are such as: insuring concluded business contract – 2,1%, which is highly recommended as strategies, to some extent securing against unforeseen difficulties and critical situations. A much more alarming phenomenon is not taking any concrete action in a crisis – 44,7% of the surveyed. This is a classical "ostrich strategy" consisting in "waiting for poor prosperity to pass by". It does not have, however, any essential cognitive values and ultimately results in passivity.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. Most surveyed (48.9%) conclude that the situation of the company during the last 6 months has not changed, 39.1% say it has

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deteriorated and 17.0% say that it has improved. The assessment in this area will always be largely subjective, due to the quality of their own experience in the business market.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for the item and service – 65.0%,
- increase in prices of materials and raw materials – 30.0%,
- strong competition – 5.0%

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 55.6%
- prices of materials and raw materials – 11.1%
- acquisition of investors – 11.1%

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation

It is generally known that the companies function in a particular external environment – a socio-economic surrounding, whose quality affects the functioning of companies. By 51.1% of the surveyed the economic situation in the region during the last 6 months deteriorated, by 42.6% has not changed, and by 6.4% of the surveyed state that it improved. Such diversity of opinions certainly origins from subjective experience of entrepreneurs on the market, if the company prospers effectively, the propensity to the positive assessment of the surrounding in which it operates is greater (and vice versa).

Anticipating a further period of six months is rather positive. Although according to the most numerous category of the surveyed (44.7%) economic situation in the voivodship will not change, the percentage of optimists has increased considerably (27.7%), while there are definitely fewer respondents waiting for deterioration in the coming months (19%).

The next variable describing the market dimension of business development is the dynamism in the demand for services/products. An attempt to observe changes in this area includes a comparison of the data in relation to the period last year. And so, 48.9% of the surveyed estimate reducing the demand, 31.9% – maintaining a previous state, 14,9% its growth. The remaining 4.3% of respondents did not know how to estimate the changes in the context of the past year. The surveyed also forecast changes in the demand for services and products in the context of the next year. The obtained data of this indicator show the change of situation: the percentage of people waiting for the demand growth has increased – 40.4%; with those who predict that the demand will not change – 36.2%, there are slightly more people who cannot determine the type of changes that will affect the demand – 12.8%; the least numerous category of the surveyed (10.6%) are respondents thinking, that the volume of demand will drop. So a sharp increase in the number of optimists raises a question about the rationality of expectations, namely what evidence is to indicate that in half a year the market situation will change completely, from the bottom to the top. Probably the expressed opinions are, at least in part, based on not a precise analysis of the situation on the market, but rather wishful thinking – the respondents express the hope that the crisis will be over soon and then everything will return to normal (or to a current state).

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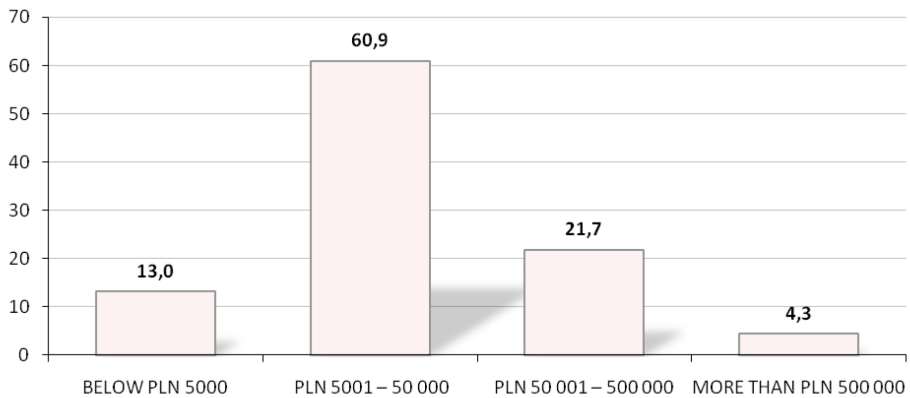
One of the major factors determining the development potential of companies is the level of investment. It is obvious that in order to strengthen the position on the market, and not to be outstripped by competition, a company must take pro-developed actions, like for example investment projects. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and to the local or regional development. The benefits of adequately realised investments are obvious and usually mean strengthening the position of the company on the market. No investment always results in stagnation and disappearing from the market.

The primary (though not the only) way to invest is increasing the resources of tangible fixed assets of the company. In this regard the companies of the Choszczeński Poviat present adversely, because in 45,3% of the surveyed companies expenses did not exist, but the companies of the Poviat of Choszczeński which do invest usually choose the following goods – ranked by the multiplicity of indications:

- equipment (furniture, appliances) – 28.3%
- vehicles– 15.1%,
- buildings, land – 11.3%.

Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). Most respondents (60,9%) pointed out that the expenses incurred were in the bracket of PLN 5 000 to PLN 50 000. Next 21,7% of companies pointed out that the expenses incurred were in the bracket of PLN 50 000 to PLN 500 000, 13,0% of the surveyed companies within the last 6 months invested in the development of their company less than PLN 5000 and expenditure of more than PLN 500 000 were experienced only by 3% of companies. The above statement means a small volume of work and its sector specificity – firms involved in minor services mostly do not require costly equipment.

Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

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The respondents also forecast possible investments in the course of the next six months. Resulting data are worrying, within the next six months 2009 48,9% of the surveyed companies do not plan to take expenditure for the purchase, lease, leasing, refurbishment of vehicles, equipment or real estate, but 19,1% cannot give the answer to that question. Only 31,9% of the respondents plan to give funds to investments. There is a serious risk that the lack of outlay of this type will simply result in the lack of extension of existing fixed assets of the company.

On the basis of their subjective experience the respondents also made a long term forecast concerning the situation of the company, according to the surveyed, in 3 years:

- the company's situation will be similar to the present – 34,8%
- the company will be better than today – 26,1%
- the company will fail in liquidation – 4,3%
- the company will be worse than today – 2,2%
- difficult to tell – 32,6%

Among those who made clear predictions of the company's activities, the majority were the people with a neutral attitude – 34.8% of responses, that the company's situation will be similar to the present. However, unstable situation on the market was chosen by the second biggest group of companies (32,6%) not being able to evaluate their own prospects in the years ahead. It is difficult to talk about opportunities for strategic planning of the company development, if there is a lack of elementary sense of stability in the company.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel. Application of cooperation and economic links between enterprises include external growth strategy, and as far as the duration and dimensions are concerned it can be short or long-term cooperation and may be more or less developed.

In this regard the Poviat of Choszczeński compares unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. 73.5% of the surveyed companies do not co-operate with other entities. As regards the remaining 26.5% of the companies that undertake to cooperate with other institutions, such as: companies operating in the region – 12.2% of the surveyed, self-governing units – 6.1%, and innovation centres, consultancy companies, enterprise incubators and local organisations – 2.0% of indications. Another important aspect of the issue are forms of cooperation with companies in the region used by entrepreneurs, i.e. the association and the joint venture – 2.1% each.

The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in term of intensified external competition. Complementary capacities of individual companies could be – on the basis of synergy – more worth than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to low use of support from public institutions. The vast majority – 83.0% of the respondents declare that it does not use the available forms of support, 17.0% of companies benefited from an increase in employment in the company and such forms of support as: grants for training courses for

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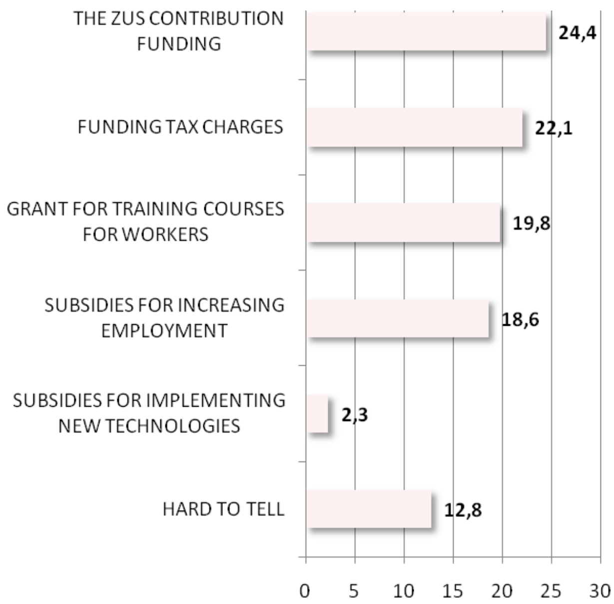
workers and funding fees tax 4.3%; next funding fees tax, grants for opening a business and funding participation in trade fairs – 2.1%.

As these data relate to the three previous years, their negative values are especially worrying. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. A partial answer to this question is the statement that 12.8% of the surveyed cannot indicate any form of support from the units of local self-government, which could help the company's activities (fig. 7). According to the respondents, who preferred forms of support, most important are the following: funding to Social Insurance contributions (ZUS) – 24.4%, funding fees tax – 22.1%, grants for training courses for workers – 19.8% grants for increasing of employment 18.6% and funding new technologies – 2.3%.

Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

The extent of economic exchange

Economic exchange enterprise in the EU takes place on a common internal market, which first covers the entire EU territory and the second is based on four aspects: the movement of goods, persons, services and capital. It can therefore be concluded that the analyzed Poviats participate in this area on the principles of free competition.

Exchange enterprise conducted by members of the trade in the discussed Poviat is limited spacewise 80,9% of the surveyed companies did not have any international exchange experience, 10.6% of them had some goods or services export experience, 6.4% of them had goods or services import experience, and 2.1% of the respondents had both export and import of goods or services experience.

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Entrepreneurs exporting their products, conduct economic exchange with companies: in Germany – 5%, and others located in different EU countries – 27.3%. Individual companies export goods to Sweden and Lithuania. The forecast concerning changes in the volume of export in the context of the next six months are cautious – half of the respondents think that export in this period will increase, the other half that it will not change.

Innovation in enterprises

Competitiveness of enterprises is determined by many external and internal factors. The first group comprises the State policy and the level of available infrastructure, and the other the factors from inside of the company, e.g.: the way of managing, working capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is exceptionally a merit development factor, since it determines not only the pace and directions for economic development in the sense of an individual firm, but also on the local, regional and international levels.

In terms of innovation activity of companies of the Poviat of Choszczeński is low, only 10.6% of companies declare that in the period of 2007-2009 applied some innovations, the remaining 89.4% did not take any innovative activities. The entrepreneurs who had declared the application of innovative actions mentioned the following sources of innovation: (distribution by the multiplicity of indications)

- purchase of technology – 40.0%
- copying ideas and solutions from competition – 20.0%
- purchase of licenses – 20.0%
- participation in conferences devoted to the development– 20.0%

These data indicate the low own potential of the companies. The respondents also indicated what are the most important obstacles which they experienced in implementing the innovative solutions. The main difficulty applying innovation is the inability to finance innovative businesses – 34.0% and too large risks associated with the implementation of innovation felt by the entrepreneurs – 19.1%; next is the lack of potential interest in new products/services from clients – 4.3%. Relatively a large number of the respondents – 42.6% were not able to explain why they do not take innovative actions at all.

Activating entrepreneurs of the Poviat in question has more chances of success, in the context of co-operation with other entities for taking innovative actions. And it is worth knowing that, the volume of institutional fund on research, development and innovation decide, inter alia, about the pace of development of innovation and new technologies in a specific enterprise and a region.

Unfortunately, in relation to the expected forms of support to facilitate establishing and developing cooperation with other entities in the innovation, 68.2% of the respondents do not have any expectations and 17.0% conclude that "it is difficult to say." Therefore, 85.2% of all the respondents of the Poviat of Choszczeński have no elementary knowledge of the role of innovative behaviour and the importance of cooperation with other entities in the field of innovation. The remaining group of the respondents ranked their expectations as follows: for 6.4% the creation of programmes to promote technological development at the level of municipalities would be important; 4.3% of the respondents draws attention to the need to build some information system about the offers by units B+R; 2.1% of the respondents pointed to the need of the construction of an information system about the technological requirements of the

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companies, and also 2.1% to the need of institutional infrastructure development in mediation and technology transfer.

These data indicate a lack of knowledge about the role and importance of innovation, which signify some delays in the economic development of the Poviat. Also in terms of the use of modern multimedia tools the Choszczeński Poviat does not present too favourably – just 72.3% of companies use the Internet. These companies have their own websites, continually benefit from various types of Web search, Web browsers and e-mail. However, 27.75% of the surveyed companies do not even have a potential access to solutions which are standard in highly developed countries.

The mobilization and use of funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development activities boosting the performance of Polish companies on those markets is possible by running specific resources that are not always in the possession of micro and small enterprises. One way to mobilise those resources is financing from various EU funds.

The picture which emerges from the analysis of the situation is rather pessimistic. Unfortunately, 85.1% of the surveyed companies in the Poviat of Choszczeński have never used EU structural funds. The remainder admits to having used the funds primarily for the development of technical infrastructure – 8.5%; for the increase of employment and the purchase of land – 2.1% both; the same percentage of the surveyed cannot say whether and if so, on what purpose the company used EU structural funds.

The low level of the use of funds is in 34.0% of cases caused by a lack of interest in this type of proposals. It is worth noting that 61.7% of the respondents declared that their companies are interested in using funds from the EU structural funds. Entrepreneurs, who declared using or willingness of using the EU grant defined the most important barriers limiting effective mobilization of resources: (the following factors are ordered by declining importance)

- bureaucracy and ambiguity of EU request forms – 42.6%
- cost of preparing applications – 25.5%
- limited access to information about programs – 19.1%
- the necessity of own contribution – 17.0%
- short term preparation – 8.5%

As it is clearly seen then, that the so far experience in raising funds from the European Union by the entrepreneurs in the Poviat of Choszczeński is not very positive. A significant proportion of the companies, indeed, has no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

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Summary

The assessment of the socio-economic situation of the Poviat of Choszczeński in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the district, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

- the slow decline of population caused by the drainage of population from the Poviat;
- changes in the population age structure – permanently decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over
- the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

- the increment of the rate of the number of working for 1000 people,
- the growth in average monthly gross salaries,
- a systematic decline in the number of unemployed people, the unemployment rate in 2008 in the Poviat was on the 12-th place in the voivodship,
- deficit professions in 2008 were only those from such profession groups like: secondary workers in agriculture, office support staff, money market and customer service employees, employees at work in trade and services and managers of big organizations. There was a balance in the following groups: vocational teachers and instructors. The highest surplus appeared in the case of such groups as: farmers and fishermen working for their own needs, other specialists and average technical staff.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential. However, there were clear indications of the economic upturn, evident from the analised economic indicators like: the growth in the number of economic subjects, including commercial companies which are so important for the economic development or the increase of investments in companies, but also clear signals of braking development, evidence of which can be one of the lowest in the voivodship values of the marketed industry production indicator per capita, the lowest gross fixed assets (per capita), and the Poviat' budget and expenditure per capita which gave the Poviat of Choszczeński respectively 15-th and 14-th places among earthly poviats in the voivodship, as well as the lowest in the Zachodniopomorskie Voivodship property investment expenditure share in the Poviat's budget.

Another conclusion from this analysis is that the development of entrepreneurship in the district will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat of Choszczeński, and developed on the basis of our own research allows to indicate some characteristic features for this group. The surveyed firms are engaged primarily in service sectors, which are dominated by trade. In the survey the commonest are microenterprises, registered in the form of natural person businesses. Companies operating in the Poviat area split into two similar group in terms of abundance, extracted on the basis of the start-up date – here are the companies with more experience resulting from years of business which are present on the market for less than

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8 years, but not having a large experience in dealing with crisis situations. An important characteristic of the surveyed companies, is the observation that located firms in the Poviat benefit little from employees with elementary education. The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail. Because the economic situation is still precarious it can be assumed that the declarations about the absence of any changes in employment are the consequence of a positive assessment of the firm's situation. The firms' representatives believe in a significant change in terms of economic improvement, which is to take place soon (in the following year) with regard to both the level of employment (during this period no company expect reductions) and demand, which is expected to increase. This should be the consequence of a significant improvement in the economic situation in the region.

The conclusion that can be drawn from the received answers is that business activity is impeded primarily by different barriers of trade (strong domestic and foreign competition, insufficient demand on the domestic market and the uncertainty of the overall economic situation) and formal barriers (too heavy bureaucracy, high load on the State budget, unclear and inconsistent laws, no concept for the development of a city/municipality). Apart from the obstacles which operating businesses face on the part of public institutions, the latter hardly promote this sector. Positive examples of support obtained from public administration units occur infrequently and in opinion of most of the surveyed companies, State and self-governed institutions do not have any interesting offer (or not known) to support business enterprising.

It should however be noted that entrepreneurs are not very active in seeking additional opportunities related to supporting the development of the company – whether through public aid, or by linking capabilities with others. Generally companies focus on consolidating their market space. Cooperation and partnership with other enterprises or public institutions occur to a limited extent. In the respondents' opinion it appears that they focus on possible financial support, which probably is related to the limited access to necessary funds in economic activity. As noted, one of the most serious problems in the Poviat area is limited expenditure on development of the company. One of the consequences for tiny financial resources available to most of the surveyed companies is a small number of innovative solutions used in businesses.

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate on much different rules from those of small and medium companies;
2) a series of institutional and procedural barriers need removing in the process of setting up and running a business both on the State and local levels;
3) the negative, on the whole, assessment of past and current economic situation in the region, allows to presume that companies located in the Poviat benefited little from the period of the market prosperity – this may indicate that the economic system of the Poviat is not fully integrated with the voivodship economy, or acts as a peripheral area relative to the important centres of economic development. The solution to the problems associated with this situation is opening communicative channels connecting the Poviat with the center;
4) there should be given the opportunity to improve qualifications by employees of the firms as well as by their owners, which requires actions aiming at changing attitudes especially on the part of the latter. Companies are struggling with similar problems, but presently the

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solutions largely depends on the intuitive decisions of individuals – which, inter alia, results in the varied situations of the companies operating in the same sectors;

5) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
6) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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2. The Poviat of Gryficki

Introduction

Territorial Division

The Poviat of Gryficki is situated in the north of the Zachodniopomorskie Voivodship. It borders with the neighbourig Poviats: Goleniowski, Kamieński, Kołobrzeski, Łobeski and the Baltic Sea. In 2008 it covers the area of 1017 km^2, which accounts for 4.4% of the area of the whole voivodship, and has the population of 60.7 thousand which is 3.6% of the total voivodship population. With these figures the Poviat of Gryficki ranks on the 12-th (together with the Poviat of Kamieński) and 9-th place in the whole voivodship.

The Poviat consists of six communes: urban-rural Gryfice, Płoty and Trzebiatów communes and rural area: Brojce, Karnice and Rewal communes. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 97.4% and put this Poviat on the 4-th place in the voivodship. Consequently, the urban area ratio was on the level of 2.6% which meant the 14-th place in the voivodship.

In the whole Poviat there are 157 towns and villages with the proportion of 154 villages and 3 towns: Gryfice, Płoty and Trzebiatów. Gryfice is the capital of the Poviat.

Fig. 1. Administrative borders of the Poviat of Gryficki
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect to all entrepreneurs taking part in the research. In the analysed population, the gender regression is somewhat asymmetrical: 52.7% of women and 47.3% of men. The shape of the next variable, namely age, is uneven – on the one hand the most numerous category are people aged between 46 and 55 years – 45.2%, but the next two group categories of people aged between 26-35 years and 36-45 years obtained an equal number of indications – 18.3%. There are quite a number of people belonging to the age category between 56 and 65 years – 11.8% of the respondents. With regard to all respondents, most of them had secondary education – 49.5% and university education – 37.6%, vocational education – 11.8% and primary education – 1.1%. The last variable is the job or post they hold. Thus there were 60.2% of firm owners, chief accountants – to 6.5%, HR workers – 5.4% and people responsible for talks in the company – 26.9%.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 the Poviat of Gryficki population slightly decreased by 0.5%. According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

The Poviat of Gryficki belongs to the sparsely populated areas, the average population density rate in 2008 was 60 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level.

In 2008 the Poviat of Gryficki all city population was 30.9 thousand people, which in turn determined the urban demographic rate on the level of 50.9%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, the Poviat of Gryficki seems to be a region of low urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rates, the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in the Poviat of Gryficki in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	60931	60834	60655
Urban demographic rate	51.2	51.0	50.9
Rural demographic rate	48.8	49.0	49.1
Population density per 1 km^2	60	60	60

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological age groups (0-14, 15-64, and 65-plus). This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 1.1 thousand, and its general ratio to the total population of the region, fell from 18.4% to 16.7%. In the next age group, i.e. age 15-64, there was an increase from 43.0

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thousand to 43.8 thousand in the respective years. However, the ratio of this group to the total population increased from 70.6% to 72.2%. The last age group population, i.e. age 65-plus increased slightly, but its ratio to the total population went up from 11.0% to 11.1%. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Poviat of Gryficki the percentage of people in the pre-productive age group was 20.9% (in the voivodship – 19.1%), in the productive age group – 65.7% (65.9% in the voivodship) and in the post-productive age group – 13.4% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 1.7%) and post-productive age group (by 0.6%), and a simultaneous decrease in the pre-productive age group (by 2.3%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in the Poviat of Gryficki 724 new children were born, which accounted for a 18.9% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 11.8 live births (10.8 in the voivodship) whereas in 2004 – 9.9. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in the given area. In the years 2004-2008 in the Poviat in question there was a significant increase of the death rate by 16.0%. For each 1000 inhabitants in 2008 there were 10.3 deaths (9.7 in the voivodship), and only 8.8 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Gryficki in all the years in question amounted to over 50%.

The demographic growth, based on the number of live births and the number of deaths in the Poviat of Gryficki in 2008 was positive (92 people) and compared to that from 2004 had decreased. After conversion for each 1000 people, the growth ratio was on the level of 1.5 (1.1 in the voivodship), whereas in 2004 1.0.

Tab. 2. Natural migration of people in the Poviat of Gryficki in the years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	9.9	10.7	11.8
Total death rate for 1000 people	8.8	9.2	10.3
Natural growth rate for 1000 people	1.0	1.5	1.5

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the Poviat of Gryficki in 2008 the total migration rate was negative and amounted to -172 people, which was caused by the outflow of people to other Poviats in the voivodship or going abroad. For each 1000

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people in the Poviat the migration rate was negative (-2.8 people), and was higher than in the voivodship (- 0.8 people).

The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Poviat of Gryficki in 2007 there were 9.0 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by 5.2%. In the analysed period there was a bigger increase in the employment of men (by 11.1%).

For each 1000 people in 2007 there were 148 people employed in the firms with nine and more workers, which ranked the Poviat on the 14-th place in the voivodship (with the average rate for the Zachodniopomorskie Voivodship 193 employed in nine-plus firms for each 1000 people). The analysis of the employment rate shows its growth compared to 2004 (but at a lower level than in the voivodship).

Tab. 3. Workers and salary in the Poviat of Gryficki in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	8518	8354	8961	105,2
men	4027	4148	4472	111,1
women	4491	4206	4489	100,0
Workers together with individual agriculture	10361	10197	10804	104,3
in% of the agricultural sector	19,4	19,8	19,1	98,3
industrial	25,0	25,9	24,3	97,0
supporting	55,6	54,3	56,6	101,9
Average monthly gross salary of PLN	1847,64	1984,91	2203,07	119,2

Source: *Own analysis based on the data from the Central Statistical Office.*

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Poviat of Gryficki in 2007 the number of people employed was 10.8 thousand. The employment structure sorted by economic sectors shows that 19.1% of the employed worked in agriculture, 24.3% in industry and 56.6% in services. Since 2004 the employment in the service sector slightly increased, and

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it did so at the expense of the agriculture sector (a smaller drop) and industrial sector (a bigger drop).

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was PLN 2203.07 and it was more than in 2004 by 19.2% (in the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by about PLN 413.00). With respect to the pay rate, the Poviat was on the 15-th place.

In The Poviat of Gryficki, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 4946 people unemployed (in which women made 57.3%). Since the beginning of the analysed period the number of unemployed dropped by 44.8% (45.2% in the voivodship), and the drop referred mainly to male workers. 55.7% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the increase – the percentage of unemployed people living in villages was higher than in 2004.

The registered unemployment rate in the Poviat in 2008 was 22.8% (with the average for the voivodship 13.4%) and it gave the Poviat the 15-th place in the Zachodniopomorskie Voivodship. By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a decrease of the unemployed not entitled to state welfare money (by 7.3%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still big – in 2008 it was 77.0% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 4.5%) and aged 25-34 and 45-54, and decrease in the age groups below 24 and aged 35-44. There were also more unemployed people with university, general secondary, gymnasium and lower education and also post-secondary and secondary vocational education, and fewer unemployed only with vocational education.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and job offers made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in the Poviat of Gryficki were only found in such big professional groups as: office support staff, vocational teachers and instructors, managers of big organisations, money market and customer service and employees at work in trade and services. There was a balance in the case of the following groups: teachers and executives of small and medium-sized factories. The highest surplus went to such groups as: farmers, gardeners, foresters and market oriented fishermen, medium level personnel in agriculture and health services and other specialists. In comparison to 2004 the average surplus intensity rate hardly increased, which means only a small improvement for the unemployed on the job market.

Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In the Poviat of Gryficki in 2008 in the REGON register there

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were 7.6 thousand firms and businesses which accounted for only 3.6% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 7.7% (whereas in the voivodship 5.5%). From among all businesses operating in the area in 2008 over 95% came from the private sector.

Considering the competitiveness of the Poviat of Gryficki with regard to the business saturation, it only ranks on the 6-th place in the voivodship. On average, the Poviat has 125.4 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Gryficki is a well enough developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Poviat of Gryficki in 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
All economic subjects	7059	7325	7604
for 1000 people	115,9	120,4	125,4
by economic sectors in % agriculture	3,3	3,4	3,3
industry	12,0	12,9	15,3
services	84,7	83,7	81,4

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 96.0% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 3.0%, and average businesses only 0.5%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro and small businesses in the Poviat increased, and that of average businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status, it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat of Gryficki was represented by natural persons running their own businesses (82.0%), with the next place going to trade companies with 3.0%, associations and social organisations with 1.4%, co-operatives with 0.5%, and foundations with 0.1%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 37.8 trading companies for 10000 people in the Poviat, giving it the 13-th place in the voivodship. Compared to 2004, the number increased by 22.5%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 67 such companies in the region, which, when set against 10000 people, gave 11.0 units. Companies with foreign capital accounted for 29.3% of all trading companies in the Poviat, and their number compared to 2004 increased by 6.3%.

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Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Poviat of Gryficki the firms from the service sector were the most numerous with the number of 6.2 thousand they accounted for 81.4% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 70.4% of all businesses in the Poviat, and non-market services by 11.1% of firms. The percentage of firms from the industrial sector was more than 15.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails, on average, more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.2 thousand, which was only 3.3% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that over 67% of the firms in the region in 2008 came from four sectors: trading and repairing, hotels and restaurants services for housing and firms, and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[14] In 2008 in the Poviat of Gryficki REGON register 801 new firms were registered, which gave 13.2 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: trade and repairing sector – 26.8%, building – 19.6%, hotels and restaurants – 17.0%.

In 2008 in the Poviat of Gryficki 559 firms were crossed out from the register. For 1000 people it gave 9.2 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, services for housing and firms. However, it should be stressed that more firms were registered than checked out.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Gryficki in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	538	660	801
for 1000 people	8,8	10,8	13,2
All checked out firms	468	484	559
for 1000 people	7,7	8,0	9,2

Source: *Own analysis based on the data from the Central Statistical Office.*

[14] *The Report on the condition of small and average firms in Poland in 2006-2007*. Prepared by Polish Business Development Agency, Warsaw 2007.

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Using the shift-share analysis, the level of competitiveness of the Poviat of Gryficki can be assessed. The level is referenced to the Zachodniopomorskie Voivodship with respect to the number of national economy subjects according to the PKD classification code. Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). The level of competitiveness of the area (KO) illustrating the differences between the growth rate in the Poviat in comparison to the voivodship is average. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the Poviat of Gryficki in 2007 it was worth PLN 347.6 million and it was only 1.5% of the total production sold in the voivodship. Compared to 2004 there was an increase in the production sold in the Poviat by PLN 36.8 million, and thereby the Poviat's contribution to the production sold in the voivodship also slightly increased.

The industrial production sold for one person in the Poviat was in 2007 PLN 5720.00 (with the average for the voivodship PLN 13447.00). That gave the Poviat the 16-th place in the Zachodniopomorskie Voivodship. The leading areas in industrial activity were the following Poviats: Goleniowski, Policki and Szczecinecki.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 people in the Poviat of Gryficki in 2007 amounted to PLN 61.7 million and were higher than those incurred in 2004 by 15.1%.

The highest expenditures were incurred in the service sector (primarily in the market services) then in the industrial and agricultural sectors. Since 2004 the expenditure incurred in the agriculture and service sectors increased, while in the industrial sector – decreased. The volume of investments per capita equals to PLN 1010.00, and was lower than the average in the province and put Gryficki on the 15-th place among other Poviats of the Voivodship.

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the district was PLN 506.9 million and was higher than in 2004 by 11.9%. The highest gross fixed assets were recorded in the service sector (primarily in the market services) then in the industrial and agricultural sectors. Compared with 2004, the capital expenditure in the service sector increased, in the industrial sector and in agriculture decreased. According to the gross worth of fixed assets per capita in 2007, the Poviat of Gryficki was on the 18-th place in the voivodship (before the Poviat of Pyrzycki, Łobeski and Choszczeński).

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Tab. 6. Investment and gross fixed assets in the Poviat of Gryficki in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	53,6	69,4	61,7	115,1
in % agricultural sector:	9,5	4,2	15,1	158,9
industrial	46,6	54,3	37,6	80,7
market services	42,0	38,2	43,2	102,9
non-market services	1,9	3,3	4,1	215,8
per capita in PLN	880	1143	1010	114,8
The gross value of the asset in million PLN	453,1	475,9	506,9	111,9
in % agricultural sector:	14,5	13,0	12,7	87,6
industrial	37,5	33,0	34,7	92,5
market services	42,2	47,2	45,7	108,3
non-market services	5,8	6,8	6,9	119,0
Per capita in PLN	7437	7823	8351	112,3

Source: *Own analysis based on the data from the Central Statistical Office.*

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities).

In 2008, the Poviat of Gryficki received for the execution of its tasks, 58.9 million PLN (by 40.2% more than at the beginning of the investigation period). It was PLN 970.37 per capita, which was the 4-th place among the Poviats of earthly. The expenditures amounted to PLN 56.9 million of which investment expenditure property constituted only 8.0%. The growth of revenues in the Poviat (compared with 2004) was higher than the expenditure. Spending per capita placed the Poviat on the 5-th place among the Poviats of earthly.

Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within the Poviat of Gryficki in 2004, 2006 and 2008 in PLN

SPECIFICATIONS	2004	2006	2008	2004=100
Poviat budget revenue	41997222,00	47307501,25	58862798,38	140,2
per capita	690,16	778,43	970,37	140,6
Poviat budget expenditure	40650051,00	51423978,16	56860886,77	139,9
per capita	668,03	846,16	937,37	140,3
Revenue of municipalities' budgets	113748140,00	152276677,42	181749763,38	159,8
per capita	1869,29	2505,66	2996,20	160,3
Expenditure of municipalities' budgets	114135748,00	157668037,37	189684155,03	166,2
per capita	1875,66	2594,38	3127,01	166,7

Source: *Own analysis based on the data from the Central Statistical Office.*

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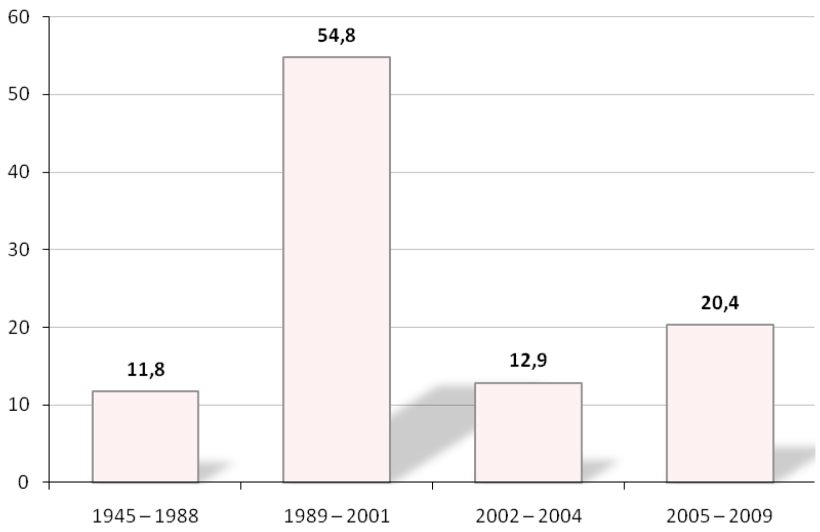
The budgets of districts of the Poviat of Gryficki in 2008 drew the joint income equalling to PLN 181.7 million and the amount of income per capita placed the Poviat on the 4-th place in the province. Municipalities spent PLN 189.7 million, in which property investments accounted for an average of 22.1% of the total expenditure budgets of these communes. Compared with 2004, the expenditure of municipalities increased faster than their revenue.

Own research results

A. The State and structure of the economic activity of the companies surveyed
Entrepreneurs and their companies – characteristics of the business

Observing the state of the economic activity of the Poviat companies it is clear that there are years of more and less dynamism in this area. In terms of the number of newly registered companies years 1989-2001 were especially intensive, then 54.8% of new companies were registered (fig. 2). In the next years there is a rapid reduction in the number of newly created enterprises. In the past five years (2005-2009) the ratio of emerging companies again shows the increasing trend – in the Poviat of Gryficki 20.4% of the firms appeared. It is worth remembering that the presented data do not show the absolute increment the number of enterprises – it is known that at the same time a certain number of companies closed down. The companies presently operating in the Poviat are mainly those which have already had some experience connected with functioning for over 8 years on the market – also during low prosperity on the market.

Fig. 2. The year of founding a company



Source: *Own research.*

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With regard to the companies in the Poviat, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 74.2% of all companies investigated, then come small companies – 11.8% and the average – 12.9%. Large companies employing over 259 people were represented by 1.1%.

Next, regarding the type of activities, single enterprises prevail – 73.1% and the remaining 26.9% goes to co-partnership companies (of which 12.9% constituted limited liability companies, 7.5% of civil associations, 3.2% of particular partnership, 2.2% of public companies and 1.1% of the national institutions).

So significant predominance of single firms may indicate a trend of changes on the local labour market – from employment, towards self-employment. Undertaking a business activity by individuals not having a legal personality enables relatively quick adapting to local and regional market conditions, and it requires relatively low start-up recourses and allows the owner to achieve the whole profit, while taking the total liability for the functioning of the enterprise.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies from service markets. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of Gryficki are as follows:

- commercial sector – 27.2%,
- service sector – 21.7%,
- industrial processing sector – 9.8%,
- hotels and restaurants sector – 6.5%,
- health and social assistance sectors – 6.5%,
- educational sector – 4.3%,
- construction sector – 4.3%,
- transport, storing, communication sector – 4.3%,
- public administration and defence sector – 3.3%,
- financial intermediation sector – 2.2%,
- agriculture, hunting and forestry sectors – 2.2%,
- real estate sector, renting and business services – 2.2%,
- fishery sector – 1.1%.

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and well educated staff is the key issue in this respect. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience goes education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies is as follows: 22.9% of the companies employing people with university and secondary education, 20.2% with vocational education. Additionally 2.4% of the firms employ people with primary education. Additionally 10.9% of the companies employ people with gymnasium education, in 13.2% of the cases with primary education and 10.1% with no education.

Adding up all the indications for the people with maximum primary education, we find out that in the companies of the Poviat of Gryficki there are 34.2% of the employees without any

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qualifications, which is probably connected with the necessity of doing auxiliary work in relation to the main activity of the company, which always raises the need for unskilled workers.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Gryficki in 2008 in the case of 10.8% of companies the employment declined, then increased in 5.4% of the cases but in 83.9% of the surveyed companies there was no personnel traffic. The main causes of the reduction in the number of workers were:

- the issues of external problem with
  - seasonal nature of work – 36.4%,
  - crisis – 27.3%,
  - disposal of products and services – 18.2%.
- internal issues
  - resigning at own request – 9.1%,
  - unreliability of workers – 9.1%.

In turn, the increase of employment in the company was due to the extension of the scope of their activities – 60.0%, the seasonal nature of work – 20.0%, but 20.0% of the respondents were not able to indicate the reasons for the increase in the number of employees.

These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, besides in the Poviat there are natural factors for traffic personnel (retirement, resigning at own request). It is worth stressing that large personnel fluctuation is not a favourable factor to business efficiency and indeed has negative consequences for companies.

The declarative dynamism in employment within the next three months, and the nearest year is satisfying because only 1.1% of the surveyed plan to reduce the number of employees (and only with regard to three months). Moreover the respondents (in both periods of time) declare maintaining the level of employment in relations to 3 months – 84.9%, in respect of 12 months – not much less – 81.7%. Similarly, the forecast on growth in employment is following: in the context of 3 coming months 9.7% of respondents estimate the increase in employment, in regard to subsequent 12 months the number of indications is a little smaller – 8.6%. In addition, approximating percentage of the respondents 4.3% and 9.7% in the context of 3 and 12 months respectively cannot predict employment dynamics (fig. 3).

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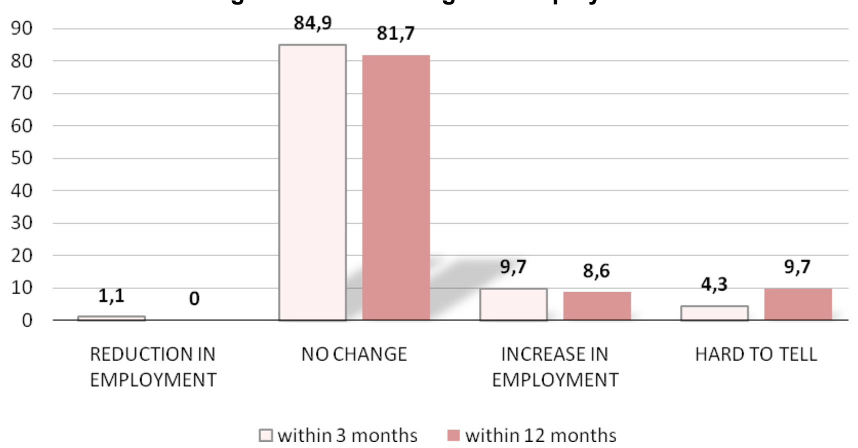
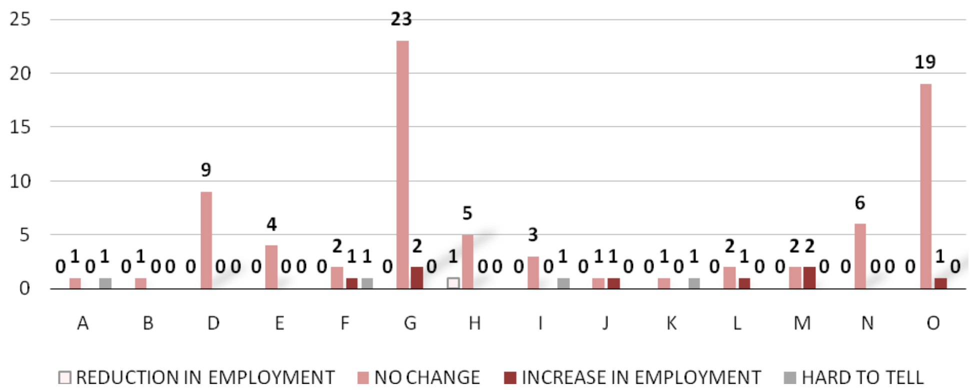
Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates (fig. 4). The reduction in employment is expected only in one section H – Hotels and restaurants. A waiting attitude is dominant among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers. However, it should be noted that there are more companies which expected a future increase in employment than those expressing an opposite view. The biggest group expecting the growth in employment came from sections: G – Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods and M – Education. Some revival, which is supposed to boost employment, is expected to come from the business representatives of sections: F – Building; J – Financial intermediation; L – Public administration and defence and O – Services, social and personal services.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the Poviat of Gryficki the need for specific

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professions is as follows: employees at work, lawyers, business experts, teachers, archivists, technicians, office workers, industrial labourers and craftsmen, machinery operators and farmers and gardeners. All the specific professions gained 10.0% of the indications. The distribution of indications for particular types of education required from potential workers is as follows: university education, in the field of the company's profile – 18.8%, vocational education compatible with the company's profile – 25.0%. In addition, employers require from job candidates such skills as: specialized courses qualifying for work – 12.5%, welding certificates – 6.3%, seniority in a given professional profile – 18.8%, knowledge of foreign language confirmed with a formal certificate – 6.3%, handling machinery and equipment – 6.3%.

It should be noted that the above qualifications and professional skills are not disjoint characteristics. A relatively small group of the respondents – 6.3% did not succeed in what qualifications and professional skills would be required from applicants.

Seeking new employees may be done internally (the so-called internal recruitment), and by external recruitment (seeking employees on an external labour market). With regard to the Poviat of Gryficki the analysis refers to the external recruitment process. The companies seeking employees apply active strategies such as: 21.7% of companies seek workers with the assistance of UP (the Work Centre), 13.9% of the entrepreneurs use advertisements in the press or on the Internet, besides 8.7% of the indications for answers that employees come to the company themselves, or in 8.7% of the cases they are recommended by others. It is worth stressing that 47.0% of the firms do not seek any workers at all.

The company's development potential – the company's remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this is the so called sensitive variable, which is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. With regard to the Poviat of Gryficki more than 31.0% of the respondents refused to answer the question. However, the obtained responses suggest that the salaries during the past and current years were given some level of dynamism. In 2008 the salaries increased in 12.9% of the cases, in 2009 the number has been 6.5% of the surveyed. Definitely a positive fact is the declaration to leave salary levels unchanged: in 2008 55.9% of the respondents froze the salary, but with regard to 2009 such intention was declared by as many as 57.0% of the respondents (fig. 8).

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	12.9	6.5
Were reduced	-	1.1
Unchanged	55.9	57.0
Refusal to answer	31.2	35.5

Source: *Own research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human

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resources management. It is of course a cost-generating item, but in the long term enhances business. In the Poviat of Gryficki it should be noted that 64.5% of the surveyed companies do not use this type of solutions, 34.4% declare using training but taking into account only essential training: management, finance, foreign languages, machinery operating, accounting, sales and customer services, tax law, special branch trainings, workplace safety (bhp), car varnishing and fire protection.

They are to some extent investments in the company, rather than investment in human capital – developing employees. The situation in which companies do not invest in human resources, or not strengthen intellectual capital, always results in the lowering of development needs. However, this situation may be a consequence of the current economic crisis and the drastic looking for savings by enterprises.

Today, in the time of rapid growth of the importance of technology in the functioning of societies, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. The technologies being used in the enterprises determine the potential of the companies in the Poviat of Gryficki as follows: 31.2% of companies use modern technological lines purchased in 2008/2009, 20.4% within the last five years and 12.9% of companies use technological lines purchased before 2004.

In terms of modern technology procurement, the data are as follows:

- machines and modern devices – purchased in 2008/2009 – 23.7% of companies,
- machinery and equipment used from 3 to 6 years – 35.5% of companies,
- machinery and equipment used from 7 to 10 years – 8.6% of companies,
- machinery and equipment used for over ten years – 3.2% of companies.

From the presented data emerges a picture of companies that keep pace with the challenges of the market, by adjusting their solutions to modern requirements. However, the fact that 35.0% of respondents were not able to describe the technologies being used in their companies, and 29.0% of them could not specify the technological state of the machinery used in their company, raises the concern that they did not want to admit to using in their companies outdated and old solutions, which are generally disapproved of. This category cannot be firmly associated with the companies using the machinery and equipment older than 10 year. However, it can be assumed that a significant proportion of them are just such company.

B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Gryficki the choice of location for their activity was determined by:

- the residence of the owner – 40.7%,
- the opinion that the Poviat of Gryficki is a good location – 25.8%,
- the availability of markets – 13.9%,
- the availability of labour – 11.8%,
- the availability of supply – 4.6%,

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- the matter of chance – 3.1%.

The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market.

The presented data show that companies in the Poviat of Gryficki knowingly or unknowingly apply a strategy for building a quality advantage, that is, they seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality (fig. 5). Some issue emerging from the answers of the surveyed was the inability to define the notion of competitive edge of a company (15.6%), even if this inability was displayed by employees, it is worrying that they do not have the knowledge of key topics for the company and its further development – as indeed gaining a competitive edge in some field allows the company to strengthen its position.

In order the obtained competitive advantages to have the characteristic of sustainability the price and information advantages should be also obtained, which were missing among the surveyed companies. Most of the surveyed companies estimate their level of competitiveness as that of a local competitiveness – 69.5%. In the opinion of the respondents there are 12.6% of companies with competitiveness on the voivodship level, 3.2% of the respondents feel competitive in relation to the entire country and the same number to the European Union. 6,3% of respondents cannot answer this question and 4.2% believe that they are not competitive. Thus, the main competitors of the companies in the Poviat of Gryficki are other local companies – 96.1%, companies from Western Europe are seen as a potential competitor by 0.7% of the respondents, national firms – in 0.7 % of the cases, non-European companies also 0.7%. The remaining respondents 2.0% could not answer this question.

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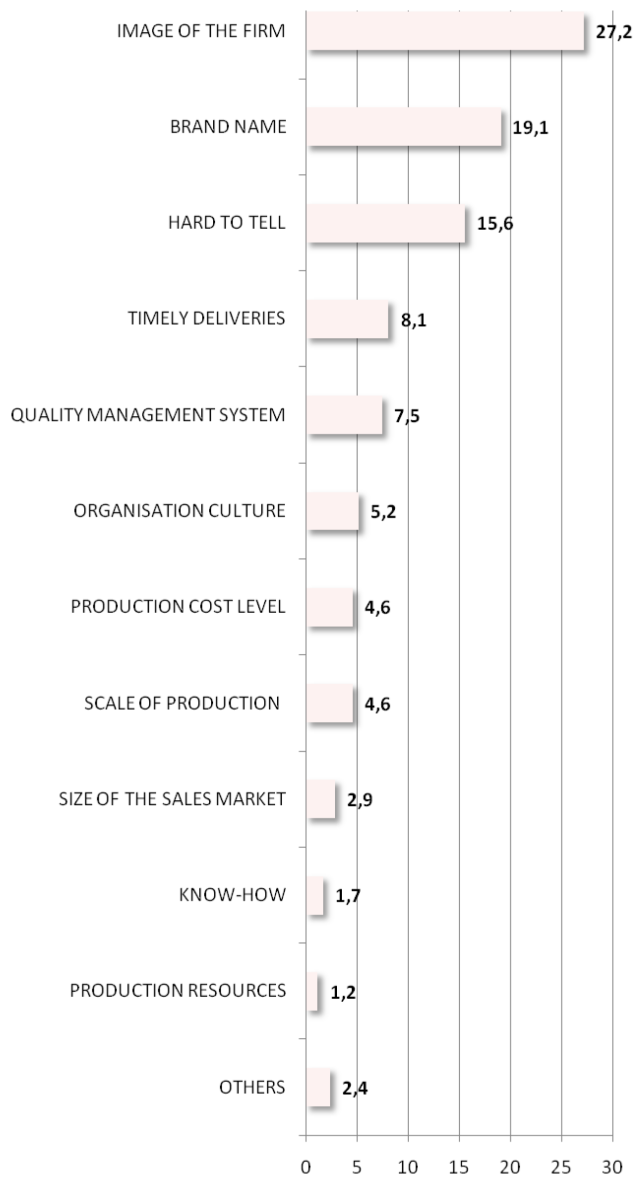
Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses. Among the surveyed companies 27.1% declared that they do not encounter any problems in their business activities; however, the remaining 72.9% of the respondents had some difficult or critical moments .

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- strong domestic and foreign competition – 18.1%,

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- inadequate domestic demand – 11.8%,
- heavy bureaucracy – 9.7%,
- uncertainty overall economic situation – 6.9%,
- no concept of development for cities/municipalities – 3.5%,
- insufficient foreign market demand – 3.5%,
- the development of 'grey market' – 2.8%,
- high load on the budget – 2.8%,
- a poorly developed infrastructure – 2.1%,
- unclear and inconsistent legislation – 2.1%,
- high prices of materials – 1.4%.

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications)

- difficulties in accessing funds necessary to operate – 4.9%,
- difficulties in accessing funds necessary to operate – 2.1%,
- a shortage of raw materials, materials and semi-finished products due to non-financial reasons – 1.4%.

The biggest difficulty for the surveyed businesses is learning to function in a free market economy, where experiencing strong competition mechanisms is a norm, and the inherent pressure and constant risks are unavoidable. Interestingly enough the surveyed expressed the opinion that they experience a lot of difficulties in their business caused by public institutions. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, frequent problems, generated by the State and its institutions.

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. In the Poviat of Gryficki the main practice in these situations are: reducing investment expenditure – 17.6%, or cessation of investment – 8.8%, reorganisation of the establishment – 2.0%; the decrease in the level of employment – 6.9% and sending employees to payless vacations – 1.0%. This means that to a great extent, the reaction to crisis situations is restricting an aspect of activity, which is a passive strategy. Among inventive methods there are: adjusting costs to customers – 1.0%, increasing investments – 1.0% and insuring concluded contracts – 1.0%.

It is worth recommending active strategies, which in some way secure from the effects of variable surrounding. Not taking any concrete action in a crisis is a much more unfavourable phenomenon – and such passivity is owned up to by as many as 43.4% of the surveyed.

In addition 15.7% of the surveyed cannot completely define the way of tackling difficult situations, so more than 60.8% of the surveyed companies apply a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 46.2% of the surveyed conclude that the situation of the company during the last 6 months has not changed, and 16.2% say that it has clearly improved. However, the opposite opinion was voiced by 33.4% of the surveyed, and 4,3% of the respondents cannot answer this question. It is clear that the

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assessment of the socio-economic conditions depends on one's own subjective business experience.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for goods and service – 61.8%,
- increase in prices of materials and raw materials – 11,8%,
- crisis – 8,8%,
- the lack of available funds – 5,9%,
- new competition – 2,9%,
- hard to tell – 8,8%.

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 52.4%,
- prices of materials and raw materials – 19.0%,
- the euro/zloty rate – 4.8%,
- the quality of equipment – 4.8%,
- business expansion – 4.8%,
- season – 4.8%,
- weather conditions – 4.8%,
- hard to tell – 4.8%.

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

The assessment of the business depends largely on the condition of the surrounding in which the company operates. Therefore, the next important issue is the assessment of the surveyed in terms of economic situation of the voivodship. In this regard by the most of the surveyed – 43.0% – the economic situation in the region during the last 6 months has not changed, by the same number of the respondents 51.6% – deteriorated, at the same time a small group of the respondents, 5.4% believe that the changes that happen there are positive. Such diversity of opinions certainly issue from subjective experience of entrepreneurs on the market, if the company prosper effectively the propensity to the positive assessment of the surrounding in which it operates is greater (and vice versa).

Anticipating a further period of six months is rather positive. According to the most numerous category of the surveyed of 64.7% economic situation in the voivodship will not change, in this respect there are much fewer pessimists – 14.0%, the percentage of the optimists is 8.6%, and 12.9% of the surveyed have difficulties to estimate in this regard.

The next variable on which the market dimension of business development should be described is the dynamism in the demand for services/products. An attempt to observe changes in this area is based on a comparison of the data in relation to the same period last year. And so 21.5% of the surveyed claimed an increasing of demand, fall in the demand – 36.6%, and 36.6% of the surveyed do not see any changes in the volume of the demand. The remaining 5.4% of the respondents did not know how to estimate the changes in the context of the past year.

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The surveyed also forecast changes in the demand for services and products in the context of the similar period next year. The obtained data of this indicator show the change of situation, there is quite a big percentage of those who cannot predict, what kind of changes affect the demand –21.7%, the most numerous category – 53.3% of the surveyed estimate that the volume of demand will not change, there are 17.4% of optimists in this respect, and only 7.6% of the pessimists. So many people who are not able to estimate the changes in the volume of the demand (21.7%) in respect of the future period allow to judge that that situation on the market is so dynamically variable that the chances of anticipation how it will go are negligible.

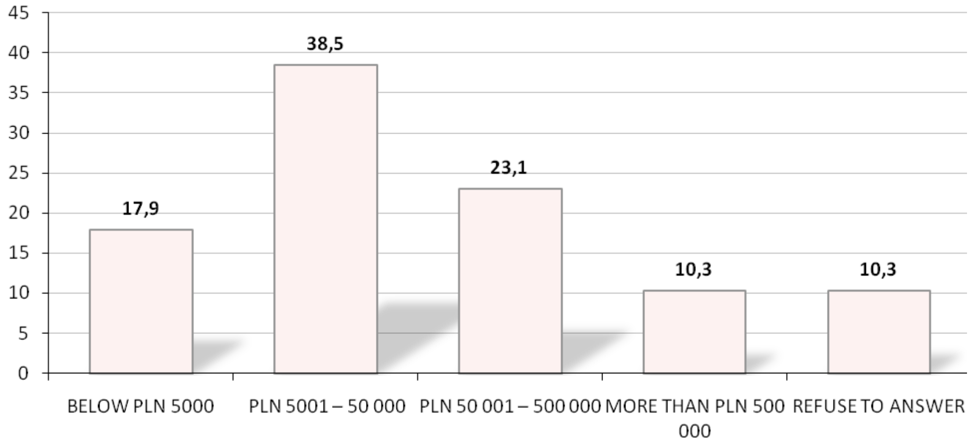
One of the major factors determining the development potential of companies is the level of investment. Obviously, in order to strengthen its position in the market, be ahead of competition, a company must take pro-development actions, and one of these types of action are investments. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and in relation to local or regional development. The benefits of adequately realized investments are obvious and usually mean strengthening the position of the company in the market. No investment always results in stagnation and losing the market.

The primary (but not the only) way to invest is to increase the resources of tangible fixed assets of the company. In this regard companies of the Poviat of Gryficki are on an unsatisfactory level, in 51.9% of the surveyed companies there were no investments at all, but the companies of the Poviat which did invest usually chose the following goods – ranked by the multiplicity of indications:

- equipment (furniture, appliances) – 21.2%,
- vehicles – 18.3%,
- buildings, land – 8.7%.

Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6).

Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

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Most respondents (38.5%) pointed out that the expenses incurred were in the bracket of PLN 5 000 to PLN 50 000, 17.9% of the surveyed companies within the last 6 months invested in the development of their company less than PLN 5000. Without doubt, this suggests a small scale of their operations, and its sector specificity – the firms involved in minor services mostly do not require costly equipment. Besides 23.1% of the companies, invested from PLN 50 000 to PLN 500 000, 10.3% of the companies invested over PLN 500 000, and the same number of the surveyed refused to answer this question.

The respondents also forecast possible investments in the course of the next six months. Resulting data are worrying, within the next six months 2009, 43.5% of the surveyed companies do not plan to take expenditure for the purchase, lease, leasing, refurbishment of vehicles, equipment or real estate, 29.3% of the respondents plan to give funds to investments and 27.2% cannot give the answer to that question. If entrepreneurs understand the importance of investment the lack of outlay of this type will simple result in stopping the growth of existing fixed assets of the company.

On the basis of subjective experience respondents also made a long term forecast concerning the situation of the company, according to the surveyed in 3 years:

- the company situation will be similar to the present – 45.2%,
- the company will be better than today – 28.0%,
- the company will fail in liquidation – 2.2%,
- the company will be worse than today – 1.1%,
- hard to tell – 23.7%.

The worrying signal of analysis of the compiled data is that there is quite a big number of the companies (23.7%), that are not in a position to evaluate their own development in relation to the relatively near future. Their presence on the market and self-awareness of development become doubtful.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel.

Partnerships and networking economic links between enterprises can be included to external growth strategy, and as regards its duration and the dimensions, it can be short or long-term cooperation and may be more or less developed.

In this regard the Poviat of Gryficki compares rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. The majority – 70.4% of the surveyed companies do not co-operate with other entities. In respect of the remaining 29.6% of the companies that undertake to cooperate with other firms, they do it with: companies operating in the region – 10.2% of the surveyed, self-governing units – 5.6%, consultancy companies – 1.9%, non-governmental organizations – 0.9%, units of the governmental administration – 0.9%, education institutions – 0.9%.

Another important issue is applying by entrepreneurs different forms of cooperation with companies in the region. Almost all of the surveyed companies of the Poviat – 97.8% do not carry out any forms of cooperation with other operators, the remaining 2.2% of the firms lead some cooperation of the type: holding – 1.1% and subcontracting – 1.1%.

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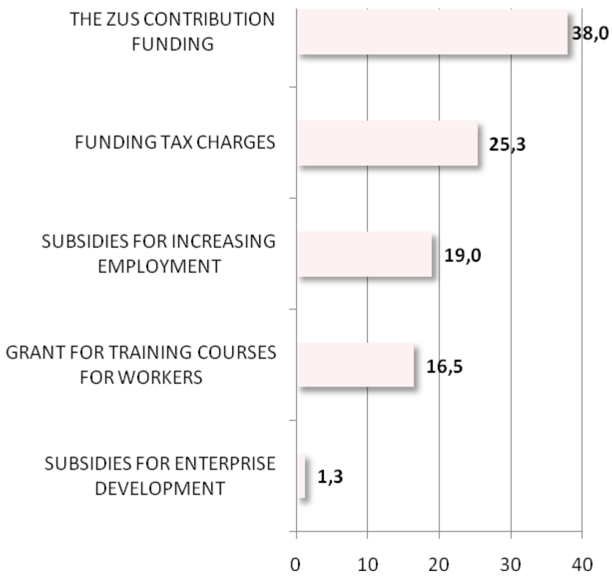
The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to the low use of support from public institutions. The large group – 37.8% of the respondents declare that they do not use any available forms of support, the remaining 62.2% of firms benefited from: grants to increase employment in the company – 4.8%, funding tax fees – 0.5%, funding for Social Insurance contributions (ZUS) – 0.5%, grants for training for employees – 1,6%, agricultural grants – 0.5%, funding for investments – 1.1%, and 3.7% of the surveyed could not answer this question.

As these data relate to the three previous years, their negative values are especially alarming. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. To expand this issue the respondents were asked, what form of support from local authorities would positively affect the activities of enterprises, but 33.1% of the surveyed did not give an answer to this question. While among the respondents who made a choice for the preferred forms of support, the most important are the following (fig.7):

Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

The extent of economic exchange

The economic exchange in the EU takes place on a common internal market, which, firstly, covers the entire EU territory and, secondly, is based on the principle of the four freedoms: the movement of goods, persons, services and capital. You can therefore conclude that analyzed districts participate in this area on the principles of free competition.

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Exchange enterprise conducted by members of the trade in the discussed Poviat is limited spacewise – 88.2% of the surveyed companies did not have any international exchange experience, 6.5% of them had some goods or services export experience and 5,4% of them had some goods or services both export and import experience.

The entrepreneurs export their products – primarily to Germany, various EU countries and the United Kingdom, Italy, France, China, the Netherlands, Ukraine. The forecasts for export volumes in the context of the next six months are following – 18,2% of the surveyed estimate that the export level will increase during this period, 54,5% of surveyed alleges that the volume of export remains unchanged and 27,3% of the respondents cannot predict the trends in export.

Innovation in enterprises

As already mentioned the competitiveness of enterprises is determined by many factors of the external and internal nature. The first group of factors includes such as: State policy and the condition of the available infrastructure, to other group includes the internal factors, e.g.: the type of management, held capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is exceptionally merit-type of a factor for development, since it determines not only the pace and directions for economic development on an individual scale, but on a local, a regional and an international scales as well.

The innovation activity of businesses in the area of Poviat of Gryficki is low. Only 18.3% of companies declare that in the period of 2007-2009 applied some innovations, the remaining 81.7% did not take any innovative activities. In respect of the companies which applied some form of innovation, the source of their innovation was: (listed due to the declining number of indications)

- purchase of technology – 75.0%,
- purchase of licenses – 6,3%,
- introducing innovation by partner, co-owner – 6,3%,
- own invention – 6,3%,
- the purchase of results from research and development institutes – 6,3%.

These data indicate the low own potential of the companies. However, what is worth noting, that afflicts choice raised by companies of the Gryficki Poviat, is to purchase technology. It is certainly an ethical choice, but it charges expenses to the company.

The respondents also indicated the most important obstacles which they experienced in implementing innovative solutions. As main obstacles to the application of innovation were pointed: the inability to finance innovative businesses – 24.7% and too large risks associated with its implementation felt by entrepreneurs – 10.8%. Next there is a lack of interest in new products/services with clients/customers – 2.2% and internal obstacles namely a lack of the need for innovative actions– 12,9%. Nearly half of the respondents – 49,5% could not diagnose the reasons preventing from taking innovative actions.

Activating entrepreneurs of the Poviat in question has more chances of success, in the context of co-operation with other entities for taking innovative actions. And it is worth knowing that, the volume of institutional fund on research, development and innovation decide, inter alia, about the pace of development of innovation and new technologies in the specific enterprises and region.

In this regard more than half of the surveyed – 73.2% do not have any expectations and 12.4% of people could not respond to this question. Therefore 85.6% of all the respondents of

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the Poviat of Gryficki have no elementary knowledge of the role of innovative behaviour and the importance of cooperation with other entities in the field of innovation. The remaining group – 14.4% of the respondents ranked their expectations in terms of facilitating, establishing and developing cooperation with other entities in the following way: for 6.2% the creation of programs to promote technological development at the level of municipalities would be important, 4.1% of the respondents indicated the need to build a system of information on technological companies, then 1.0% of them indicated the necessity of increasing of the quality and the degree of adjustment tenders units B+R to the needs of companies and also 1.0% – need for the construction of the tender units B+R, and 2.1% – the need for institutional infrastructure development in the field of brokering and transfer of technology.

These data (remember that only 14.4% of the respondents answered this question) indicate a lack of knowledge about the role and importance of innovation, which signify some delays in the economic development of the Poviat.

In terms of the use of modern multimedia tools the Gryficki Poviat does not present too favourably – just 87.1% of companies use the Internet. These companies have their own websites, continually benefit from various types of Web search, Web browsers and e-mail. Only 12.9% of the surveyed companies have not used multimedia tools such as the Internet so far.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The emerging picture is somewhat adverse. 75.8% of the surveyed companies in the Poviat of Gryficki have never been using EU structural funds. The remaining (24.2%) have used them mainly for: the development of technical infrastructure – 13.7%; to increase their employment – 5.3%; to enhance the quality of staff potential – 2.1%, while 3.2% of the surveyed cannot answer whether, and if so, on what the company has spent the EU structural funds.

Such a low level of the use of funds stems in 48.4% of the cases from the lack of interest in this type of support. Comforting is that nearly half of the surveyed – 46.2% is interested in the use of funds from the EU structural funds. The obstacles to the realization of the goals are: in 1.1% of the cases there is no clear and full information and in 4.3% of the cases there is a lack of money. The entrepreneurs who did use EU grants defined the barriers limiting their effective gaining the resources (the following factors are organized by declining importance)

- bureaucracy and ambiguity of EU request forms – 26.2%,
- the lack of interest – 26.2%,
- limited access to information about programs – 12.4%,
- the necessity of own contribution – 11.0%,
- short term preparation – 9.7%,
- cost of preparing applications – 9.0%,
- the lack of adequate programs for a given trade – 2.8%.

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As shown above, the previous experience of the entrepreneurs in the Poviat of Gryficki with applying and using EU structural funds is not very positive. A significant proportion of the companies, indeed, have no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of Gryficki in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the district, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

- the slow decline of population caused by the drainage of population from the Poviat;
- changes in the population age structure – permanently decease of the percentage of people aged 0-14 years and the increase in the population aged 65 years and over
- the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

- the increment of the rate of the number of working for 1000 people,
- the growth in average monthly gross salaries,
- a systematic decline in the number of unemployed people, however the unemployment rate ranked the Poviat of Gryficki on the 15-th place in the voivodship.
- The deficit jobs in 2008 were groups as: office support staff, vocational teachers and instructors, managers of big organisations, money market and customer service and employees at work in trade and services. There was a balance in the case of the following groups: teachers and executives of small and medium-sized factories. The highest surplus went to such groups as: farmers, gardeners, foresters and market oriented fishermen, medium level personnel in agriculture and health services and other specialists.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential. However, there were clear indications of the economic upturn, evident from the analysed economic indicators like:

- the growth in the number of economic subjects,
- the increase of the industrial production sold
- the increase of the Poviat's participation in creating administrative value sold,
- the increase of investments in companies,

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– higher than in 2004, the gross value of fixed assets,
– the income and expenditure budgets of the Poviat per capita which gave the Poviat of Gryficki the 4-th and 5-th place among the Poviats of earthly in the voivodship.

Another conclusion from this analysis is that the development of entrepreneurship in the district will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat of Gryficki, and developed on the basis of our own research allows to indicate some characteristic features for this group. The surveyed firms are engaged primarily in service sectors implemented primarily through commercial activity. As for the structure of the companies, the commonest being microenterprises, registered in the form of natural person businesses. Among the surveyed businesses those being on the market for over 8 years seem to prevail. What is important for the characteristics of the surveyed companies is the observation that the enterprises located in the Poviat hardly employ people with primary education or with no education. The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail, although there are more optimists than the respondents expecting the reduction in employment.

Considering the respondents' answers, it can be concluded that business activity is hampered by both market factors and administrative factors (too heavy bureaucracy) and positive examples of the support obtained from public institutions were rare. From the voices coming from representatives of companies it is clear that for most of them the State (and its different agencies) does not have any interesting forms(or at least it is not known) of supporting business enterprising. Generally the company's focus is primarily on consolidating its place on the market, and the co-operation and partnership with other enterprises or public institutions are rare occurrences.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is a small share of innovative solutions used in businesses.

It should be noted that the situation of companies and their prospects for development should not be seen solely in the context of economic considerations. When planning activities whose purpose is to support the development of the economy, you must also take account of social phenomena. It seems that the key problem areas include: the relationship of employers with their employees, as well as with public institutions, and the business environment. It seems to be advocating some action aiming at changing the mindset, the mentality of many entrepreneurs and executives – also in relation to practical aspects of running a business, management, strategic planning, etc. It is also noted that there should be some breakthrough in antagonisms occurring now between the main actors on an economic stage (e.g. entrepreneur-workers, entrepreneurs-officials, entrepreneurs-banks).

On the basis of this study, the following the importance of the tourism industry can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate on much different rules from those of small and medium companies;

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2) a series of institutional and procedural barriers need removing in the process of setting up and running a business
3) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
4) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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3. The Poviat of Łobeski

Introduction

Territorial Division

The Poviat of Łobeski is situated in the centre of the Zachodniopomorskie Voivodship. It borders with four neighbouring Poviats: Drawski, Goleniowski, Gryficki, Kołobrzeski, Stargardzki, and Świdnicki. In 2008 it covers the area of 1065 sq. km, which accounts for 4.7% of the area of the whole voivodship, and has the population of 38.2 thousand which is 2.3% of the whole voivodship population. With these figures the Poviat of Łobeski ranks on the 10-th and the last place respectively in the whole voivodship.

The Poviat consists of 5 communes: urban-rural Dobra, Łobez, Resko and Węgorzyno communes and a rural Radowo Małe commune. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 97.7% and put this Poviat on the 3-rd place in the voivodship. Respectively the urban area ratio was on the level of 2.3% which meant the 15-th place in the voivodship.

In the whole Poviat there are 144 towns and villages with the proportion of 140 villages and 4 towns: Dobra, Łobez, Resko and Węgorzyno. The capital of the Poviat is Łobez. Important communication routes, both road and railway go through the area of the Poviat[15]

Fig. 1. Administrative borders of the Poviat of Łobeski
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect to all entrepreneurs taking part in the research. In the analysed population, the gender regression is somewhat asymmetrical: 54.4% of men and 45.6% of women. The shape of the next variable, namely age, is uneven – on the one hand the most numerous category are

[15] The Strategy for the Poviat of Łobeskii Development worked out by the Board of the Poviat of Łobeski based on materials worked out by the team of consultants for the Szczecin University Foundation. Łobez, 2004.

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persons aged between 46 and 55 years – 29,3%, but the next group category are people aged between 26 and 35 years – 20,7%. With regard to all respondents, most of them had a secondary education – 46,6%, and tertiary education – 32,8%, a vocational education – 20.7%. The last variable is the job or post they hold. Thus there were 63,8% of firm owners, company vice presidents – 10,3%, company presidents – 6,9% and people responsible for talks in the company – 15,5%.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 the Poviat of Łobeski population slightly decreased (by about 0.6%). According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

The Poviat of Łobeski belongs to sparsely populated areas, the average population density rate in 2008 was 36 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level.

In 2008 the Poviat of Łobeski all city population was 20,1 thousand people, which in turn determined the urban demographic rate on the level of 52,6%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, the Poviat of Łobeski seems to be a region of low urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rate the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in the Poviat of Łobeski in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	38411	38233	38162
Urban demographic rate	52.5	52.4	52.6
Rural demographic rate	47.5	47.6	47.4
Population density per 1 km^2	36	36	36

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological and economic age groups. As for the first criterion, the following age groups can be distinguished: 0-14, 15-64, and 65-plus. This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 0.7 thousand, and its general ratio to the total population of the region fell from 18.5% to 16.7%.

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In the next age group, i.e. age 15-64, there was a slight increase from 26.5 thousand to 27 thousand in the respective years. However, the ratio of this group to the total population increased from 68.9% to 70.6%. The last age group population, i.e. age 65-plus slightly decreased by 0.2% and its ratio to the total population went up from 12.6% to 12.7%. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Łobez Poviat the percentage of people in the pre-productive age group was 20.6% (in the voivodship – 19.1%), in the productive age group – 64.3% (65.9% in the voivodship) and in the post-productive age group – 15.1% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 1.9%) and post-productive age group (by 0.6%), and a simultaneous decrease in the pre-productive age group (by 2.5%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in the Poviat 496 new children were born, which accounted for a 21.6% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 12.8 live births (10.8 in the voivodship) and only 10.4 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in a given area. In the years 2004-2008 in the Poviat in question there was a decrease of the death rate by 4.7%. For each 1000 inhabitants in 2008 there were 10.0 deaths (9.7 in the voivodship), in comparison with 10.4 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Łobez in all the years in question amounted to over 50%.

The population growth, based on the number of live births and the number of deaths in the Poviat of Łobez in 2008 was positive (107 people) and compared to that from 2004 had increased. After conversion for each 1000 people, the growth ratio was on the level of 2.8 (1.1 in the voivodship), and in 2004 – 0.0.

Tab. 2. Natural migration of people in the Poviat of Łobeski in the years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	10.4	11.0	12.8
Total death rate for 1000 people	10.4	10.1	10.0
Natural growth rate for 1000 people	0.0	0.9	2.8

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the Poviat of Łobeski in 2008 the total migration rate was negative and amounted to -114 people, which was caused by the outflow of people to other Poviats in the voivodship or going abroad. For each 1000

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people in the Poviat the migration rate was negative (-3.0 people), and was higher than in the voivodship (- 0.8 people).

The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Poviat of Łobeski in 2007 there were 5.1 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 9.7%. In the analysed period there was a significantly bigger increase in the employment of women (by 12.1%).

For each 1000 people in 2007 there were 134 people employed in the firms with nine and more workers, which ranked the Poviat on the 16-th place in the voivodship (with the average rate for the Zachodniopomorskie Voivodship 193 employed in nine-plus firms for each 1000 people). The analysis of the employment rate shows its growth compared to 2004 (higher than in the voivodship), which can suggest: firstly, the increased willingness on the part of local business to employ new workers, and secondly, a sustainable socio-economic development of the area.

Tab. 3. Workers and salary in the Poviat of Łobeski in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	4682	5092	5136	109.7
men	2329	2566	2499	107.3
women	2353	2526	2637	112.1
Workers together with individual agriculture	5559	5969	6013	108.2
in% of the agricultural sector	20.3	20.0	19.5	96.1
industrial	37.9	42.8	42.3	111.5
supporting	41.8	37.2	38.2	91.5
Average monthly gross salary of PLN	1822.83	1992.79	2124.98	116.6

Source: *Own analysis based on the data from the Central Statistical Office.*

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Łobez Poviat in 2007

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the number of people employed was 6.0 thousand. The employment structure by economic sectors shows that 19.5% of the employed worked in agriculture, 42.3% in industry and 38.2% in services. Since 2004 the employment in the industry sector slightly increased, and it did so at the expense of the agriculture sector (a smaller drop) and in services (a bigger drop).

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was 2124.98 and it was more than in 2004 by 16.6% (a similar increase was for the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by PLN 491.00). With respect to the pay rate, the Poviat was on the 18-th place.

In the Poviat of Łobez, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 2580 people unemployed (in which women made 58.5%). Since the beginning of the analysed period the number of unemployed dropped by 53.6% (by 54.8% in the voivodship), and the drop referred mainly to male workers. 56.6% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the increase – the percentage of unemployed people living in villages was higher than in 2004.

The registered unemployment rate in the Poviat in 2008 was 23.9% (with the average for the voivodship 13.4%) and was the highest in the Zachodniopomorskie Voivodship (the 20-th place, before the Poviat of Białogardzki). By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a slight decrease of the unemployed not entitled to state welfare money (by 6.6%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still worryingly big – in 2008 it was 75.7% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 4.8%) and aged 25-34 and 45-54, and decrease in the age group below 25 years and aged 35-44. There were also more unemployed people with a general secondary education, university education, post-secondary education and secondary vocational education and fewer unemployed with vocational education, gymnasium education and lower.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and job offers made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in the Poviat of Łobeski were only found in such big professional groups as: office support staff, managers of big organisations, auxiliary workers in agriculture, employees at work in trade and services, fine mechanics, ceramics and printing and money market and customer service. There was a balance in the group of foresters and fishermen. The highest values of the surplus intensity rate were found in such professional groups as: farmers and fishermen working for their own needs, directors of small and medium firms and also farmers, gardeners, foresters and market oriented fishermen. In comparison to 2004 the average surplus intensity rate hardly increased, which means only a small improvement for the unemployed on the job market.

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Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In the Łobez Poviat in 2008 in the REGON register there were 3.2 thousand firms and businesses which accounted for only 1.5% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 12.6% (with 5.5% in the voivodship). From among all businesses operating in the area in 2008 over 93% came from the private sector.

Considering the competitiveness of the Łobez Poviat with regard to the business saturation, it only ranks on the last place in the voivodship. On average, the Poviat has 82.8 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Łobeski is a very poorly developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Poviat of Łobeski in 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
All economic subjects	2806	3006	3159
for 1000 people	73.1	78.6	82.8
by economic sectors in % agriculture	7.3	7.6	7.9
industry	1.5	18.6	20.7
services	75.2	73.8	71.5

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for over 95.0% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 4.0%, and medium businesses only 0.4%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro and small businesses in the Poviat increased, and that of medium businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status it was observed that in 2008 in the economic subject structure the most numerous group in the Łobeski Poviat was represented by natural persons running their own businesses (75.8%), with the next place going to trade companies with 4.1%, associations and social organisations with 2.3%, co-operatives with 0.7%, and foundations with 0.1%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 33.8 trading companies for 10000 people in the Poviat giving it the 16-th place in the voivodship together with the Poviat of Świdwiński. Compared to 2004, the number increased by 9.3%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 53 such companies in the region, which, when

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set against 10000 people, gave 13.9 units. Companies with foreign capital accounted for 41.1% of all trading companies in the Poviat, and their number compared to 2004 increased by 15.2%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Poviat of Łobeski the firms from the service sector were the most numerous with the number of 2.3 thousand they accounted for 71.5% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 62.9% of all businesses in the Poviat, and non-market services by 8.6% of firms. The percentage of firms from the industrial sector was more than 20.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails, on average, more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.2 thousand, which was 7.9% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that almost 58% of the firms in the region in 2008 came from three sectors: trading and repairing, services for housing and firms, and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[16] In 2008 in the Poviat of Łobeski REGON register 391 new firms were registered, which gave 10.2 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: building – 27.9%, trade and repairing sector – 22,3% and industrial processing – 10,0%.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Łobeski in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	223	349	391
for 1000 people	5,8	9,1	10,2
All checked out firms	174	234	290
for 1000 people	4,5	6,1	7,6

Source: *Own analysis based on the data from the Central Statistical Office.*

In 2008 in the Poviat of Łobeski 290 firms were crossed out from the register. For 1000 people it gave 7.6 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms

[16] *The Report on the condition of small and average firms in Poland in 2006-2007*. Prepared by Polish Business Development Agency, Warsaw 2007.

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were: trade and repairs, building and industrial processing. However, it should be stressed that more firms were registered than checked out.

Using the shift-share analysis, the level of competitiveness of the Poviat of Łobeski can be assessed. The level is referenced to the Zachodniopomorskie Voivodship with respect to the number of national economy subjects according to the PKD classification code. Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). The level of competitiveness of the area (KO) illustrating the differences between the growth rate in the Poviat in comparison to the voivodship is high. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the Poviat of Łobeski in 2007 it was worth PLN 111.4 million and it was 0.5% of the total production sold in the voivodship. Compared to 2004 there was an increase in the production sold in the Poviat by PLN 3.9 million, while the Poviat's contribution to the production sold in the voivodship did not change.

The industrial production sold for one person in the Poviat was in 2007 PLN 2919.00 (with the average for the voivodship PLN 13447.00). That gave the Poviat the 18-th place in the Zachodniopomorskie Voivodship. The leading areas in industrial activity were the following Poviats: Goleniowski, Policki and Szczecinecki.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 people in the Poviat of Łobeski in 2007 amounted to PLN 46.3 million and were higher than those incurred in 2004 by 83.0%.

The highest expenditures were incurred in the industrial sector, then in agricultural sector and in services (primarily in the market services). Since 2004 the expenditure incurred in industrial and the agriculture sectors increased, while in services – decreased. The volume of investments per capita equals to PLN 1217.00, and was lower than the average in the province and put Łobeski on the 12-th place among other Poviats.

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the Poviat was PLN 277.2 million and was higher than in 2004 by 21.4%. The highest gross fixed assets were recorded in the industrial sector, then in services (primarily in the market services) and agricultural sector. Compared with 2004, the capital expenditure in the industrial sector increased, in the agricultural sector and in services

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decreased. According to the gross worth of fixed assets per capita in 2007, the Poviat of Łobeski was on the 20-th place in the voivodship.

Tab. 6. Investment and gross fixed assets in the Poviat of Łobeski in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	25.3	34.7	46.3	183.0
in % agricultural sector:	11.1	8.1	12.3	110.8
industrial	68.3	66.0	78.6	115.1
market services	20.6	25.9	9.1	44.2
non-market services	-	-	-	-
per capita in PLN	656	909	1217	185.5
The gross value of the asset in million PLN	228.3	264.5	277.2	121.4
in % agricultural sector:	15.9	13.2	14.6	91.8
industrial	60.3	68.7	70.5	116.9
market services	20.6	15.3	14.9	72.3
non-market services	3.2	2.8	0.0	0.0
Per capita in PLN	5944	6917	7255	122.1

Source: *Own analysis based on the data from the Central Statistical Office.*

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities).

In 2008, the Poviat of Łobeski received for the execution of its tasks, 32.5 million PLN (about 51.6% more than at the beginning of the investigation period). It was PLN 849.81 per capita – which was the 10-th place among the Poviats of earthly. The expenditures amounted to PLN 32.1 million of which investment expenditure property constituted 14.4%. The growth of expenditure in the Poviat (compared with 2004) was higher than revenues. Spending per capita placed the Poviat on the 12-th place among the Poviats of earthly.

Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within the Poviat of Łobeski in 2004, 2006 and 2008 in PLN

SPECIFICATION	2004	2006	2008	2004=100
Poviat budget revenue	21411176.00	26595025.75	32466175.40	151.6
per capita	554.44	695.62	849.81	153.3
Poviat budget expenditure	20613930.00	29014984.05	32099527.72	155.7
per capita	533.79	758.92	840.21	157.4
Revenue of municipalities' budgets	61634019.00	77294409.89	95567786.80	155.1
per capita	1595.99	2021.72	2501.51	156.7
Expenditure of municipalities' budgets	62043698.00	84540600.74	103060683.80	166.1
per capita	1606.60	2211.25	2697.64	167.9

Source: *Own analysis based on the data from the Central Statistical Office.*

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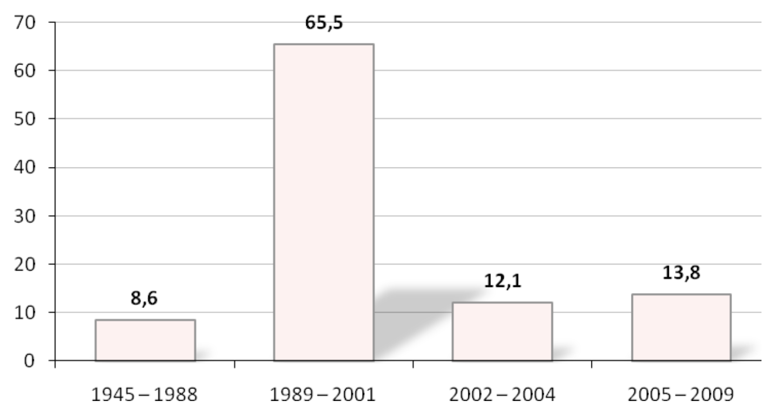
The budgets of districts of the Poviat of Łobeski in 2008 drew the joint income equalling to PLN 95.6 million and the amount of income per capita placed the Poviat on the 13-th place in the province. Municipalities issued PLN 103.1 million, in which property investments accounted for an average of 20.4% of the total expenditure budgets of these communes. Compared with 2004, the revenue of municipalities increased slightly more slowly than their expenditure.

Own research results

A. The State and structure of the economic activity of the companies surveyed
Entrepreneurs and their companies – characteristics of the business

Analysing the state of the economic activity of the Łobez Poviat companies it is clear that there are years of more and less dynamism in this area. In terms of the number of newly registered companies years 1989-2001 were especially intensive, then 65.5% of the surveyed companies were registered (fig. 2). Since 2002 there is a notable decrease in the number of newly registered companies. In the years 2002-2004 and 2005-2009 there appeared another 13% and 14.3% of companies. It is worth remembering that presented data do not show the absolute increment the number of enterprises – it is known that at the same time a certain number of companies closed down. The companies presently operating in the Poviat are mainly those which have already had some experience and which started when free market economy was being introduced to Poland.

Fig. 2. The year of founding a company



Source: *Own research.*

With regard to the companies in the Poviat, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 74.1% of all companies investigated, then come small companies – 15.5% and the medium – 8.6%. Large companies were represented by 1.7%. Next, regarding the type of activities, single enterprises prevail – 74.1% and the remaining 24.1% goes to co-partnership companies (of which 8.6% limited liability partnerships, 6.9% of particular partnerships, 5.2% – civil associations and 3.4% – public companies). So significant predominance of single firms may indicate a trend of changes on the

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local labour market – from employment, towards self-employment. Undertaking a business activity by individuals not having a legal personality enables relatively quick adapting to local and regional market conditions, and it requires relatively low start-up recourses and allows the owner to achieve the whole profit, while taking the total liability for the functioning of the enterprise.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies from services-manufacturing and agricultural markets. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of Łobeski are as follows:

- commercial sector – 34,5%
- service sector – 22,4%
- industrial processing sector – 10,3%
- real estate, renting and services for business sectors – 8,6%
- hotels and restaurants sector – 6,9%
- transport, storing, communication sector – 6,9%
- construction sector – 3,4%
- agriculture, hunting and forestry sectors – 3,4%
- production and distribution of electricity, gas, water sectors – 3,4%

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows the dominance of people with university education – people with such education were hired by 20.3% of the respondents. The recruitment of people with secondary education – 41.8% and vocational education – 31.6%. Additionally 3.8% of the companies employ workers with primary education.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Łobeski in 2008 in the case of 10.3% of companies the employment declined, then slightly increased in 3.4% but in 86.2% of the surveyed companies there was no personnel traffic.

The main causes of the reduction in the number of workers were:

- the issues of external problem with
  - unprofitability of the production and sales – 33.3%
  - seasonal nature of work – 22.2%;
- the issues of internal problem with
  - leaving at own request – 33.3%,
  - the termination of the contract – 11.1%

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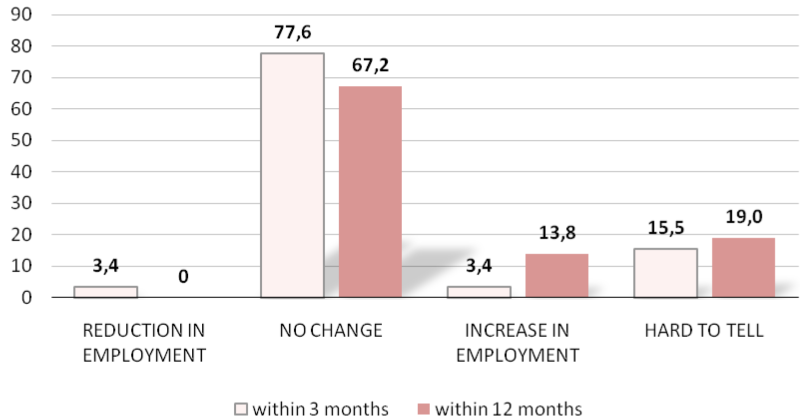
In turn, the increase of employment in the company was due to the extension of the scope of their activities in 100%. These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, besides, in the Poviat we see natural factors explaining personnel traffic in companies (termination of the contract, leaving at own request). It is worth mentioning, that large personnel fluctuation is not a favourable factor to business efficiency and indeed has negative consequences for companies.

The declarative dynamism in employment within the next three months, 3.4% of the respondents plan to reduce the level of employment. In turn, mid-term forecast growth in employment is optimistic because, in respect of 12 months it amounted to 13.8%. The respondents referred to maintain employment to 77.6% in respect of the 3 months and 67.2% in respect of 12 months. In addition, approximating percentage of the respondents 15.5% and 19.0%, cannot predict employment dynamics (fig. 3).

Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates. The reduction in employment is expected only in section G – Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods. A waiting attitude is dominant among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers. However, it should be noted that the increase in employment is expected by the representatives of section D – Industrial processing and I – Transport, storage and communication

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Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)

Source: *Own research.*

The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the Poviat of Łobeski the biggest demand was for only two professions: technicians and other average staff 50.0% and unskilled workers – 50.0%. In light of the above indicators the distribution of desired qualifications contains two types of education, technical secondary education in consistent with the profile of the company received 50.0% of the indications and vocational education also 50.0%.

Seeking new employees may be done internally (the so-called internal recruitment), and by external recruitment (seeking employees on an external labour market). With regard to the Poviat of Łobeski the analysis refers to the external recruitment process. The companies looking for employees declare the application of diverse recruitment strategies. There were also 12.3% of answers that persons interested in obtaining work applied for it in person, in 7.4% of cases that they were recommended by others. Using traditional forms of employment by the companies of the Poviat is as follows: 18.5% of the firms seek workers with the assistance of UP (the Work Centre), and 22.2% of the entrepreneurs use advertisements in the press or the Internet. It is worth stressing that 39.5% of the surveyed companies announced that they do not look for workers, so the recruitment methods above relate to 60.5% of the surveyed.

The company's development potential – the company's remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this, the so called sensitive variable, is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. With regard to the Poviat of Łobeski over 22% of respondents refused to answer. The response shows that wages in the course of the past and the present year have gained a substantial level of dynamism, especially with regard to salary increase. In 2008 in 19.0% of cases salaries were increased, in 2009 there was so in only 3.4% of cases. The fact worth emphasising is the declaration to leave salary levels unchanged; in 2008 53.4% of the companies maintained salary, but with regard to the 2009 so declare 72.4% (tab. 8)

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Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	19	3,4
Were reduced	5,2	0
Unchanged	53,4	72,4
Refusal to answer	22,4	24,1

Source: *Own research.*

It seems that the unfavourable dynamism in respect of remuneration is the result of the current economic crisis. A relatively positive indicator regarding the future salary trends in the Poviat of Łobeski is the fact that there has been no salary reduction in the year 2009.

An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human resources management. It is of course a cost-generating item, but in the long term enhances business. In the Poviat of Łobeski a worrying signal is that up to 79.3% of the surveyed companies do not use this type of solutions. The remaining – 20.7%, declare using training but taking into account only essential training: the handling of machinery and equipment, marketing, accounting, sales and customer services, management, computer services, foreign languages, specialized and referring to the trade (car tire repair worker, hairdresser).

The above list indicates that companies protect the interest of the workplace sending their employees to participate in the training, not necessarily invest in human capital. The situation in which companies do not invest in human resources, they do not strengthen intellectual capital so in the long term it always has to result in a lowering of development potential. However, the current state may be a consequence of the current economic crisis and the drastic finding savings by companies.

Today, in the time of technology development, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. Used in enterprises technologies determine the potential of the companies of the Łobez Poviat as follows: 25.9% of companies use modern technological lines purchased in 2008/2009, 51.7% within the last five years, in 6.9% of companies use technological lines purchased before 2004.

In terms of modern technology procurement, the data are as follows:

- machines and modern devices – purchased in 2008/2009 – 19.0% of companies,
- machinery and equipment used from 3 to 6 years – 50.0% of companies,
- machinery and equipment used from 7 to 10 years – 17.2% of companies,
- machinery and equipment used for over ten years – 5.2% of companies.

From the presented data emerges a picture of companies that barely keep pace with the challenges of the market, by adjusting their solutions to modern requirements. However, the fact that 15.5% of the respondents were not being able to determine the applicable company technology and 8.9% of respondents could not specify the technological state of the machinery used in their company raises the concern that they did not want to admit to using in their companies outdated and old solutions which are generally disapproved of. This category cannot

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be firmly associated with the companies using the machinery and equipment older than 10 years. However, it can be assumed that a significant proportion of it has just such companies.

B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Łobeski the choice of location for their activity was determined by:

- the residence of the owner – 32%
- the opinion that the Poviat of Łobeski is a good location – 23.2%
- the availability of labour – 20.8%
- the availability of markets – 9.6%
- the matter of chance – 8.8%
- the availability of supply – 4.8%
- inheritance – 0.8%

The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market.

The presented data show that companies in the Poviat of Łobeski seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality – the strategy for building a quality advantage (fig. 5).

Some issue emerging from the answers of the surveyed was the inability to define the notion of competitive edge of a company (8.3%), even if this inability was displayed by employees, it is worrying that they do not have the knowledge of key topics for the company and its further development – as indeed gaining a competitive edge in some field allows the company to strengthen its position.

It is worth indicating that to maintain the competitive advantages obtained, there should be taken some measures seeking also to strengthen the price and information advantages, which to some extent lacked among the investigated companies. Most of the surveyed companies estimate their level of competitiveness as that of a local scale – 68.8%. In the opinion of the respondents there are 10.9% of companies with competitiveness on the voivodship level, 9.4% on a national scale, and 4.7 on the European Union scale. The remaining 4.7% cannot answer this question, or think that they are not competitive at all – 1.6%.

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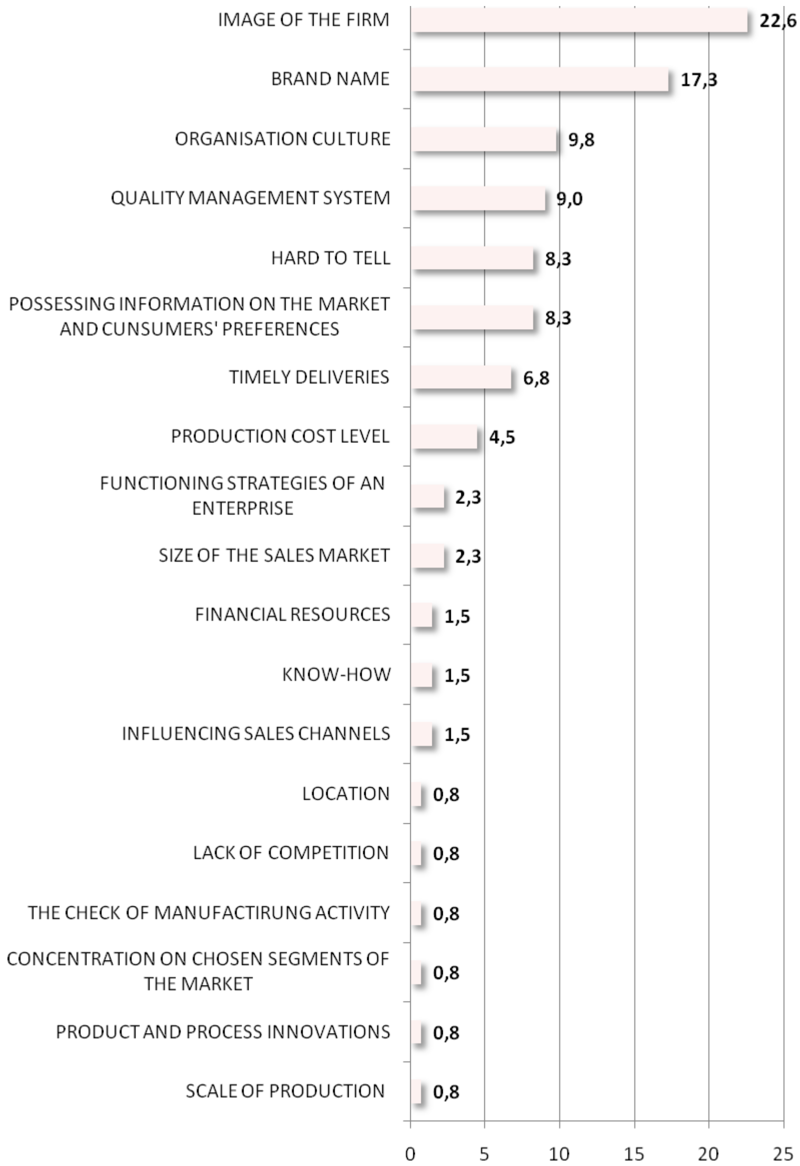
Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

According to the respondents their main competitors are other local firms – 82.8% of indications, companies from Western Europe are seen as potential competitors by 6.9% of surveyed, national firms – in 1.7% of the cases. The remaining respondents (5.2%) could not answer this question, while 3.4% of the surveyed never suffer pressure from the competition.

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses. 10.7% of the surveyed companies declare that they encounter no problems in activities; however, the remaining 89.3% of the respondents are experiencing crisis or cumbersome situations.

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Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- uncertainty of the overall economic situation – 14.9%
- strong domestic and foreign competition – 12.4%
- heavy bureaucracy – 12.4%
- inadequate domestic demand – 11.6%
- high load on the State budget – 9.9%;
- unclear and inconsistent legislation – 7.4%,
- a poorly developed technical infrastructure – 5.0%
- no concept of development for cities/municipalities – 4.1%
- insufficient foreign market demand – 3.3%
- the development of 'grey market' – 1.7%
- large distance from the outlets and supply – 0.8%

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications)

- the lack of professional staff – 3.3%
- difficulties in accessing funds necessary to operate – 2.5%

The most serious complication of the surveyed companies is learning the functioning in the economy market conditions, where the norm is experiencing strong competition mechanisms, the pressure and the need to take risks. Note the opinion of the respondents to the importance of constraints on their operation causes by the functioning of public institutions – they felt particularly affected by the heavy bureaucracy and high taxation of the State. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, with the frequent problems created by the State and its institutions.

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. In the Poviat, the main practice in these situations are: reducing investment expenditure – 22.5%, reducing the level of employment – 17.5%; or in general cessation of investment – 6.3%, the reorganisation of the establishment 6.3%; the reduction in wages 6.3%; and sending employees to payless vacations 2.5%. This means that to a great extent, the reaction to crises is restricting any aspect of activity, which is a passive strategy.

To active actions to exit from a crisis situation undertaken by firms should be included: insuring concluded transactions, but the percentage of this type of behaviour in the surveyed is marginal, only 1.3%. Worrying is the fact that respondents in 22.5% have indicated that they do not take any concrete action in a crisis. In addition, 15% of the surveyed cannot completely define ways to tackle difficult situations, that means that more than 37.0% of the companies apply a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 50.0% of the surveyed conclude that the situation of the company during the last 6 months has not changed, and 13.8% say that it has clearly improved. However, the opposite opinion was voiced by 29.3% of the

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surveyed which is a relatively large group. It is clear that the assessment of the socio-economic conditions depends on one's own subjective business experience.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for goods and services – 47.6%,
- increase in prices of materials and raw materials – 23.8%,
- increase in fuel prices and energy – 4.8%
- unemployment – 4.8%
- crisis – 4.8%
- the decline in prices of sold goods and services – 4.8%
- difficult to say – 9.5%

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 55.6%
- prices of materials and raw materials – 11.1%
- fuel and energy prices – 11.1%
- the euro/zloty rate – 11.1%
- acquisition of new investors – 11.1%

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

It is generally known that the companies function in a particular external environment – a socio-economic surrounding, whose quality affects the functioning of companies. By 56.1% of the surveyed the economic situation in the region during the last 6 months deteriorated, by 36.8% has not changed, and by 7.0% of the surveyed state that it improved. Such diversity of opinions certainly derives from subjective experience of entrepreneurs on the market, if the company prospers effectively the propensity to the positive assessment of the surrounding in which it operates is greater (and vice versa).

Anticipating a further period of six months is following: according to the most numerous category of the surveyed of 50.0% economic situation in the voivodship will not change, negative forecast about the deterioration of the economic situation of the Poviat is assumed by 20.7% of surveyed, few respondents (3.4%) think that there will be a change for the better, yet there was a high proportion of those who could not evaluate prospects for the local market – 25.9%.

The next variable on which the market dimension of business development should be described is the dynamism in the demand for services/products. An attempt to observe changes in this area includes a comparison of the data in relation to the period last year. And so 33,9% of the surveyed anticipate reducing in demand, 53.6% – maintaining the previous level, 8.9% its growth. The remaining 3.6% of respondents did not know how to estimate the changes in the context of the past year. The surveyed forecast also changes in the demand for services and products in the context of the same period next year. The obtained data of this indicator show the change of situation, the percentage of those who cannot predict what kind of changes will affect demand increases to 24.1%.Such a large indicator of people who are not able to estimate

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the changes in the volume of demand with regard to next year, allows to judge that the situation on the market is so dynamically variable that the chances of prediction in which direction it goes are negligible. In addition, the most numerous category – 44.8% think that the volume of demand will not change in this respect the number of optimists is the same as pessimists – 15.5%.

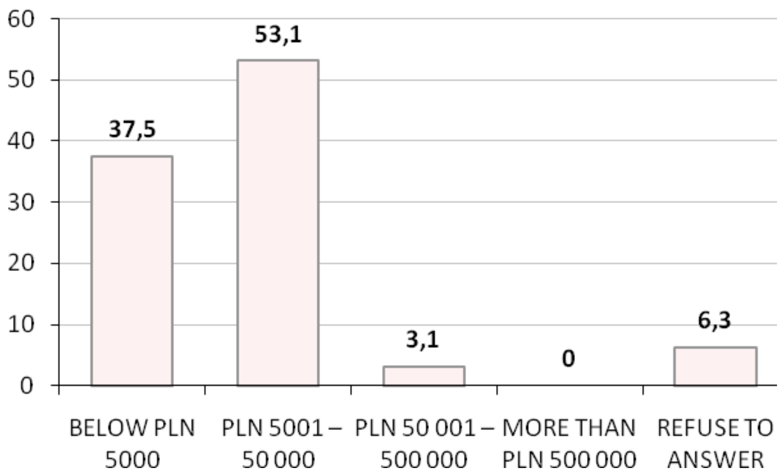
One of the major factors determining the development potential of companies is the level of investment. It is obvious that in order to strengthen the position on the market, and not to be outstripped by competition, a company must take pro-developed actions, one of these types of actions are investment projects. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and to the local or regional development. The benefits of adequately realised investments are obvious and usually mean strengthening the position of the company on the market. No investment always results in the stagnation and disappearing from the market.

The primary (though not the only) way to invest is increasing the resources of tangible fixed assets of the company. In this regard the companies of the Łobez Poviat present adversely, because in 40.0% of the surveyed companies expenses did not exist, but the companies of the Poviat of Łobeski which do invest usually choose the following goods – ranked by the multiplicity of indications:

- equipment (furniture, appliances) – 38.5%
- vehicles – 15.4%,
- buildings, land – 6.2%.

Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6).

Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

Most respondents (53.1%) pointed out that the expenses incurred were in the bracket of PLN 5 000 to PLN 50 000, next groups of respondents declare increasingly lower amounts

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– 37.5% of the surveyed companies within the last 6 months invested in the development of their company less than PLN 5000. Without doubt, this suggests a small scale of their operations, and its sector specificity – the firms involved in minor services mostly do not require costly equipment. 3.1% of companies invest the amounts from PLN 50 000 to 500 000, expenditure of more than PLN 500 000 were not experienced by any companies, 6.3% of the surveyed refused to answer this question.

The respondents also forecast possible investments in the course of the next six months. The resulting data are worrying. 63.2% of surveyed companies do not plan over the next six months of 2009 to take the expenditure for the purchase, lease, leasing refurbishment of vehicles, equipment, or real estate, 19.3% of the surveyed declare such intentions and 17.5% cannot answer this question. If entrepreneurs understand the meaning of the importance of investment, the lack of outlay of this type will result in the lack of extension of existing fixed assets of the company.

On the basis of subjective experience, respondents also made a long term forecast concerning the situation of the company, according to the surveyed in 3 years:

- the company situation will be similar to the present– 34.5%
- the company will be better than today – 10.3%
- the company will be worse than today – 5.2%
- the company will fail in liquidation – 3.4%
- difficult to say – 46.6%

A worrying signal from the analysis of the compiled data is that a significant number of companies (46.6%) are not in a position to evaluate their own development in relation to the relatively near future. This poses some threat to their existence on the market and their development awareness.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel.

Application of cooperation and economic links between enterprises include external growth strategy, and as far as the duration and dimensions are concerned it can be short or long-term cooperation and may be more or less developed.

In this regard the Poviat of Łobeski compares unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. 67.8% of the surveyed companies do not co-operate with other entities. As regards the remaining 32.2% of the companies that undertake to cooperate with other institutions, such as: individuals 15.3%, consultancy companies 8.5%, companies operating in the region – 3.4%, education – 3.4%, units of the Government administration– 1.7%.

Another important aspect of the issue is that of forms of cooperation with companies in the region used by entrepreneurs. 94.8% of firms do not have any form of cooperation with other operators, the remaining 5.2% of firms conduct cooperation as: joint venture – 3.4% of the surveyed, or outsourcing services 1.7% of indications.

The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition.

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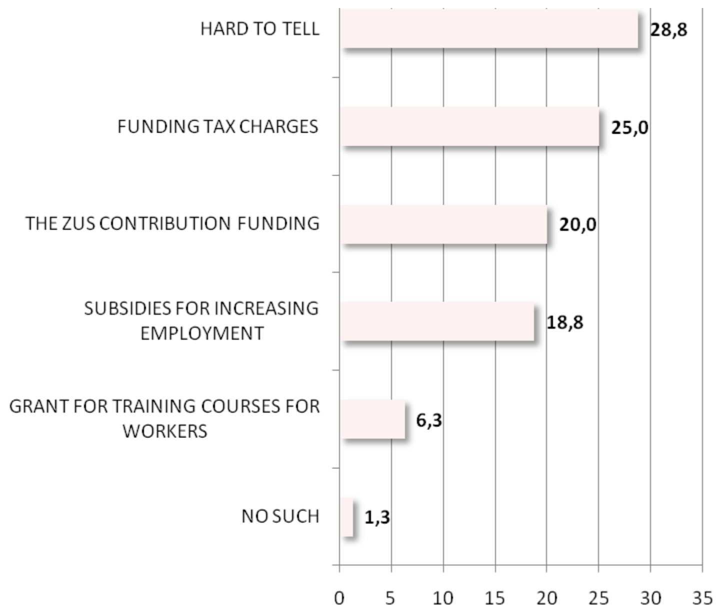
Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to low use of support from public institutions. The majority – 67.2% of the respondents declare that they do not use the available forms of support, from the remaining 32.8% of the firms benefited:18.0% to increase employment in the company, 4.9% of companies use such forms of support as: grants for training courses for workers, 3.3% – funding to Social Insurance contributions (ZUS), 1.6% – remission property tax and also 1,6% – start-up grants for business.

As these data relate to the three previous years, their negative values are especially worrying. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. A partial answer to this question is the statement that 19% of the surveyed cannot indicate any form of support from the units of local self-government, which could help the company's activities. Among the respondents who preferred some forms of support, the most important are the following actions (ranked by the multiplicity of indications):

- Funding fees tax – 25%
- Funding to Social Insurance contributions (ZUS) – 20%
- Grants for the increase of employment – 18.8%
- Grants for training courses for workers – 6.3%

Fig. 7. The desirable forms of support from the units of local self-government



Source: *Own research.*

The extent of economic exchange

Economic exchange in the EU takes place on a common internal market, which, firstly, covers the entire EU territory and, secondly, is based on four aspects: the movement of goods,

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persons, services and capital. It can therefore be concluded that the analyzed Poviats participate in this area on the principles of free competition.

Exchange enterprise conducted by members of the trade in the discussed Poviat is limited spacewise – 87.9% of the surveyed companies did not have any international exchange experience, 10.3% of them had some goods or services export experience and 1.7% export-import of goods or services. The few companies which do export their products sent them mainly to: Germany (44%), other countries according to the number of choices are: various EU countries, Russia, Japan, Hungary, France, Italy.

The forecast concerning the changes in the volume of export in the context of the next six months are as follows: 42.9% of the surveyed believe that the level of export in this period will not change, 28.6% believe that its level will rise and the same number of the respondents (28.6%) think that export will decrease.

Innovation in enterprises

Competitiveness of enterprises is determined by many external and internal factors. The first group comprises the State policy and the level of available infrastructure, the other: internal factors, e.g.: the way of managing, working capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is exceptionally a merit factor in development, since it determines not only the pace and directions for economic development on an individual level, but also on the local, regional and international levels.

The innovation activity of businesses in the area of Poviat of Łobeski is very low. Only 7.0% of companies declare that in the period of 2007-2009 applied some innovations, the remaining 93.0% did not take any innovative activities. In respect of the companies which applied some form of innovation, the source of their innovation was: (listed due to the declining number of indications)

- purchase of technology – 50.0%
- introducing innovation by partner – co-owner – 16.7%
- purchase of licenses – 16.7%
- copying ideas and solutions from competition – 16.7%

These data indicate the low own potential of the companies. However, what is worth noting, that afflicts choice raised by companies of the Łobez Poviat, is to purchase technology. It is certainly an ethical choice, but it charges expenses to the company.

The respondents were asked to define obstacles they experience in implementing innovative solutions. Very symptomatic is that 63.2% of them did not know how to name the reasons that prevent taking innovative actions. Few respondents, as a main obstacle to the application of innovation pointed: the inability to finance innovative businesses – 15.8%, too large risks associated with its implementation – 10.5%. Next there is a lack of interest in new products/services with clients/customers – 5.3%, and internal obstacles (namely: a lack of the need for innovation, a lack of opportunity).

Activating entrepreneurs of the Poviat in question has more chances of success, in the context of co-operation with other entities for taking innovative actions. And it is worth remembering that the volume of institutional fund on research, development and innovation determines, among others, the pace of innovation development and implementation of new technologies in companies of the region.

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Unfortunately, in this regard, over half of the surveyed – 50.8% do not have any expectations, a 36.5% cannot answer this question. Therefore 87.3% of all the respondents of the Poviat of Łobeski have no elementary knowledge of the role of innovative behaviour and the importance of cooperation with other entities in the field of innovation. The remaining group of the respondents (12.7%) ranked their expectations in terms of facilitating, establishing and developing cooperation with other entities as follows:

- building an information system with the requirements of local business – 4.8%
- improving the quality and the degree of tender suitability in units B+R for the needs of enterprises – 3.2%,
- the development of institutional infrastructure in mediation and the transfer of technology – 3.2%,
- creating programs to promote technological development at the level of municipalities – 1.6%.

These data indicate a lack of knowledge about the role and importance of innovation, which suggests some delays in the economic development of the Poviat.

In terms of the use of modern multimedia tools the Łobez Poviat does not present too favourably – 28.1% of companies do not use the Internet. Other companies apply modern information systems, enjoy amenities that the Internet gives them. These companies have their own websites, continually benefit from various types of Web search, Web browsers and e-mail.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The picture which emerges from the analysis of the situation is rather pessimistic. Unfortunately, 78.7% of the surveyed companies in the Poviat of Łobeski do not use EU structural funds. Thus only 21.3% of the surveyed use them, primarily: to increase employment – 6.6%, for the development of technical infrastructure also 6.6% and 1.6% – to raise the quality of the staff potential. In addition, 6.6% cannot say whether the company they represent benefited from EU structural funds and if so, on what purpose the company used them.

Such a level of the use of funds in 39.7% of cases was caused by a lack of interest in this type of proposals. It is worth noting that more than half – 53.4% of the respondents are interested in using funds from the EU structural funds. Obstacles in the implementation of the objectives are: in 5.2% of the cases the lack of clear comprehensive information and in 1.7% – lack of money. These entrepreneurs, who declared having used or the willingness of using the EU grants defined the most important barriers limiting effective procurement of resources as follows: (the following factors are ordered by declining importance)

- bureaucracy and ambiguity of EU request forms UE – 21.1%
- short term to prepare the application – 13.3%
- the necessity of own contribution – 13.3%
- limited access to information about programs – 12.2%
- limited access to information about programs – 6.7%

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- lack of time – 1.1%
- the lack of a competent person to help – 1.1%

As it is clearly seen then, that the so far experience in raising funds from the European Union by the entrepreneurs in the Poviat of Łobeski is not very positive. A significant proportion of the companies, indeed, has no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of Łobeski in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the Poviat, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

- the slow decline of population caused by the drainage of population from the Poviat;
- changes in the population age structure – permanently decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over
- the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

- the increment of the rate of the number of working for 1000 people, which can suggest greater employing propensity of firms,
- the growth in average monthly gross salaries,
- a systematic decline in the number of unemployed people, however, the unemployment rate in 2008 in the Poviat was the highest in the voivodship (20-th place),
- deficit professions in 2008 were only those from such profession groups like: Office support staff, managers of big organisations, auxiliary workers in agriculture, employees at work in trade and services, fine mechanics, ceramics and printing and money market and customer service. There was a balance in the following groups: foresters and fishermen. The highest surplus appeared in the case of such groups as: farmers and fishermen working for their own needs, executives of small and medium-sized factories, and farmers, gardeners, foresters and fishermen oriented on the market.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential. However, there were clear indications of the economic upturn, evident from the analysed economic indicators like: the growth in the number of

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economic subjects, including commercial companies which are so important for the economic development or the increase in investment in enterprises, but there were also clear signals of slowing down in development, which was mirrored in a slight increase in the production of marketed industry and maintaining the Poviat's participation in creating administrative value sold on the level from 2004 and one of the lowest fixed assets gross value per capita rate in the voivodship

Another conclusion from this analysis is that the development of entrepreneurship in the district will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat of Łobeski, and developed on the basis of our own research allows to indicate some characteristic features for this group. The surveyed firms are engaged primarily in service sectors, the commonest being microenterprises, registered in the form of natural person businesses. Young enterprises, created during the global downturn, whose activities are centred on the local market, because they are present on the market for over 8 years.

The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail. Although in the past period the redundancy rate was high, the expectations about the future are optimistic, because more companies expect an increase in employment rather than its reduction – in the respondents' opinion during the year the situation will change enough that the dynamic growth in employment will be possible

Considering the respondents' answers, it can be concluded that business activity is hampered by both market factors and administrative factors (too heavy bureaucracy) and positive examples of the support obtained from public institutions were rare. From the voices coming from representatives of companies it is clear that for most of them the State (and its different agencies) does not have any interesting forms(or at least it is not known) of supporting business enterprising. Generally the company's focus is primarily on consolidating its place on the market, and the co-operation and partnership with other enterprises or public institutions are rare occurrences.

One of the most serious problems defining the situation of the companies from the Poviat is the prospective limiting of expenditure on development. One of the consequences of small financial resources available to most of the surveyed companies is an almost complete lack of innovative solutions used in businesses.

It should be noted that the situation of companies and their prospects for development should not be seen solely in the context of economic considerations. When planning activities whose purpose is to support the development of the economy, you must also take account of the phenomena from a social sphere. It seems that the key problem areas include relationships of entrepreneurs with their employees as well as with public institutions and with the business environment. It seems to be advocating action to change the mentality of many entrepreneurs and executives – also in relation to practical aspects of running a business, of administrative governance, of strategic planning, etc. It is also worth noticing that there must be some breakthrough in the antagonisms occurring now between different groups composing the economy environment (e.g. entrepreneur-workers, entrepreneurs-officials, entrepreneurs-banks).

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of

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SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate on much different rules from those of small and medium companies;

2) a series of institutional and procedural barriers need removing in the process of setting up and running a business;
3) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc);
4) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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4. The Poviat of Myśliborski

Introduction

Territorial Division

The Poviat of Myśliborski is situated in the south-western part of the Zachodniopomorskie voivodship, on the Polish – German border. It borders with the neighbouring Poviats: Choszczeński, Gryfiński, Pyrzycki, and Lubuskie voivodship. In 2008 it covers the area of 1182 km^2, which accounts for 5.2% of the area of the whole voivodship, and has the population of 67.2 thousand which is 4.0% of the total voivodship population. With these figures the Poviat of Myśliborski ranks on the 8-th and 7-th place (together with the Poviat of Policki) in the whole voivodship.

The Poviat consists of five communes: an urban-rural Barlinek, Dębno and Myslibórz communes and rural area: Boleszkowice and Nowogródek Pomorski communes. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 95.6% and put this Poviat on the 13-th place in the voivodship. Consequently, the urban area ratio was on the level of 4.4% which meant the 5-th place in the voivodship.

In the whole Poviat there are 197 towns and villages with the proportion of 194 villages and only 3 towns: Barlinek, Dębno and Myślibórz, which is the capital of the Poviat.

Fig. 1. Administrative borders of the Poviat of Myśliborski
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect to all entrepreneurs taking part in the research. In the analysed population, the gender regression is ideally symmetrical: 50% of men and 50% of women. The next variable was the

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age of the respondents – the analysed population indicates the preponderance of people aged 46-55 – 31.6% of the whole population, and the second group of respondents are, people aged 26-35 and 36-45 – 19.7% each, and the next group: 56-65 – 13.2%. With regard to all respondents, most of them had a secondary education – 51.3%, and tertiary education – 40.8%, a vocational education – 7.9%. The last variable is the job or post they hold. Thus there were 52.6% of firm owners, 6.6% of HR workers and 27.6% of people responsible for talks in the company.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 the Poviat of Myśliborski population slightly decreased (by about 0.2%). According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

The Poviat of Myśliborski belongs to sparsely populated areas, the average population density rate in 2008 was 57 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level.

In 2008 the Poviat of Myśliborski all city population was 39.8 thousand people, which in turn determined the urban demographic rate on the level of 59.2%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, the Poviat of Myśliborski seems to be a region of low urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rate the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in the Poviat of Myśliborski in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	67335	67340	67210
Urban demographic rate	59,5	59,3	59,2
Rural demographic rate	40,5	40,7	40,8
Population density per 1 km^2	57	57	57

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological and economic age groups. As for the first criterion, the following age groups can be distinguished: 0-14, 15-64, and 65-plus. This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by

1.1 thousand, and its general ratio to the total population of the region fell from 17.7% to 16.1%. In the next age group, i.e. age 15-64, there was an increase from 47.7 thousand to 48.5 thousand in the respective years. However, the ratio of this group to the total population increased from 70.9% to 72.2%. The last age group population, i.e. age 65-plus increased by 2.3% and its ratio to the total population went up from 11.4% to 11.7%. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Poviat of Myśliborski the percentage of people in the pre-productive age group was 20.3% (in the voivodship – 19.1%), in the productive age group – 65.5% (65.9% in the voivodship) and in the post-productive age group – 14.2% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 1.3%) and post-productive age group (by 0.9%), and a simultaneous decrease in the pre-productive age group (by 2.2%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in the Poviat of Myśliborski 782 new children were born, which accounted for a 11.7% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 11.5 live births (10.8 in the voivodship) and only 10.3 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in a given area. In the years 2004-2008 in the Poviat in question there was an increase of the death rate by 10.7%. For each 1000 inhabitants in 2008 there were 10.5 deaths (9.7 in the voivodship), in comparison with 9.4 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Myśliborski in all the years in question amounted to over 50%.

The population growth, based on the number of live births and the number of deaths in the Poviat of Myśliborski in 2008 was positive (69 people) and compared to that from 2004 had increased. After conversion for each 1000 people, the growth ratio was on the level of 1.0 (1.1 in the voivodship), and in 2004 – 0.8.

Tab. 2. Natural migration of people in the Poviat of Myśliborski in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	10,3	9,9	11,5
Total death rate for 1000 people	9,4	9,6	10,5
Natural growth rate for 1000 people	0,8	0,3	1,0

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the Poviat of Myśliborski in 2008 the total migration rate was negative and amounted to -107 people, which

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was caused by the outflow of people to other Poviats in the voivodship or going abroad. For each 1000 people in the Poviat the migration rate was negative (-1.6 people), in the voivodship: -0.8 people.

The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Myśliborski in 2007 there were 12.1 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 4.6%. In the analysed period there was a significantly bigger increase in the employment of men (by 6.3%).

For each 1000 people in 2007 there were 180 people employed in the firms with nine and more workers, which ranked the Poviat on the 7-th place in the voivodship (with the average rate for the Zachodniopomorskie Voivodship 193 employed in nine-plus firms for each 1000 people). The analysis of the employment rate shows its growth compared to 2004 (but lower than in the voivodship).

Tab. 3. Workers and salary in the Poviat of Myśliborski in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	11594	11775	12124	104,6
men	6086	6369	6467	106,3
women	5508	5406	5657	102,7
Workers together with individual agriculture	14030	14211	14560	103,8
in% of the agricultural sector	20,1	20,0	19,8	98,8
industrial	42,6	41,4	41,4	97,2
supporting	37,3	38,6	38,7	103,9
Average monthly gross salary of PLN	1885,54	2017,82	2206,57	117,0

Source: *Own analysis based on the data from the Central Statistical Office.*

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Poviat of Myśliborski in 2007 the number of people employed was 14.6 thousand. The employment structure by economic sectors shows that 19.8% of the employed worked in agriculture, 41.4% in industry

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and 38.7% in services. Since 2004 the employment in services slightly increased, and it did so at the expense of the agriculture sector (a smaller drop) and in the industry sector (a bigger drop).

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was 2206.57 and it was more than in 2004 by 17.0% (a similar increase was for the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by PLN 409.00). With respect to the pay rate, the Poviat was on the 14-th place.

In the Poviat of Myśliborski, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 3006 people unemployed (in which women made 62.0%). Since the beginning of the analysed period the number of unemployed dropped by 60.6% (by 54.8% in the voivodship), and the drop referred mainly to male workers. 45.4% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the decrease – the percentage of unemployed people living in villages was lower than in 2004.

The registered unemployment rate in the Poviat in 2008 was 13.4% (the same average for the voivodship) and ranked the Poviat on the 6-th place in the voivodship. By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a slight decrease of the unemployed not entitled to state welfare money (by 7.4%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still worryingly big – in 2008 it was 78.0% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 5.0%) and aged 25-34 and below 25 years, and decrease in the age groups: 35-44 and 45-54. There were also more unemployed people with a general secondary education, university education, post-secondary education and secondary vocational education and fewer unemployed with vocational education, gymnasium education and lower.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and job offers made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in the Poviat of Myśliborski were found in such big professional groups as: parliamentarians, politicians, higher office workers, vocational teachers and instructors, office support staff, unskilled workers, employees at work in trade and services, managers of big organisations, teachers, auxiliary workers in agriculture and machinery operators and assemblers. There was a balance in the groups of: executives of small and medium-sized factories and industrial labourers and craftsmen. The highest values of the surplus intensity rate were found in such professional groups as: farmers and fishermen working for their own needs, medium level personnel in agriculture and health services, gardeners, foresters and market oriented fishermen. In comparison to 2004 the average surplus intensity rate increased, which means only an improvement for the unemployed on the job market.

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Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In the Poviat of Myśliborski in 2008 in the REGON register there were 6.3 thousand firms and businesses which accounted for only 2.9% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 10.2% (with 5.5% in the voivodship). From among all businesses operating in the area in 2008 over 94% came from the private sector.

Considering the competitiveness of the Poviat of Myśliborski with regard to the business saturation, it only ranks on the 18-th place in the voivodship. On average, the Poviat has 93.1 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Myśliborski is a poorly developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Poviat of Myśliborski in 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
All economic subjects	5678	6012	6256
for 1000 people	84,3	89,3	93,1
by economic sectors in % agriculture	4,6	5,2	4,8
industry	21,0	22,5	23,5
services	74,4	72,3	71,7

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for over 94.0% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 4.5%, and medium businesses only 0.8%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro and small businesses in the Poviat increased, and that of medium businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat of Myśliborski was represented by natural persons running their own businesses (74.6%), with the next place going to trade companies with 5.1%, associations and social organisations with 2.2% and co-operatives with 0.6%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 47.2 trading companies for 10000 people in the Poviat giving it the 9-th place in the voivodship. Compared to 2004, the number increased by 13.6%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 137 such companies in the region, which, when set against 10000 people, gave 20.4 units.

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Companies with foreign capital accounted for 43.2% of all trading companies in the Poviat, and their number compared to 2004 increased by 8.7%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Poviat of Myśliborski the firms from the service sector were the most numerous with the number of 4.5 thousand they accounted for 71.7% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 62.8% of all businesses in the Poviat, and non-market services by 8.9% of firms. The percentage of firms from the industrial sector was more than 23.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails, on average, more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.3 thousand, which was only 4.8% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities it should be noticed that almost 58% of the firms in the region in 2008 came from three sectors: trading and repairing, services for housing and firms, and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[17] In 2008 in the Poviat of Myśliborski REGON register 656 new firms were registered, which gave 9.8 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: services for housing and firms 12.3%, trade and repairing sector 26.5%, building 26.1%, which is recently a generally observed tendency in the whole country.

In 2008 in the Poviat of Myśliborski 546 firms were crossed out from the register. For 1000 people it gave 8.1 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, services for housing and firms, and building. However, on the whole, it should be noticed that more firms were registered than checked out.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Myśliborski in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	403	670	656
for 1000 people	6,0	9,9	9,8
All checked out firms	355	431	546
for 1000 people	5,3	6,4	8,1

Source: *Own analysis based on the data from the Central Statistical Office.*

[17] *The Report on the condition of small and average firms in Poland in 2006-2007.* Prepared by Polish Business Development Agency, Warsaw 2007.

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Using the shift-share analysis, the level of competitiveness of the Poviat of Myśliborski can be assessed. The level is referenced to the Zachodniopomorskie Voivodship with respect to the number of national economy subjects according to the PKD classification code. Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). The level of competitiveness of the area (KO) illustrating the differences between the growth rate in the Poviat in comparison to the voivodship is high. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the Poviat of Myśliborski in 2007 it was worth PLN 809.3 million and it was 3.6% of the total production sold in the voivodship. Compared to 2004 there was an increase in the production sold in the Poviat by PLN 157.0 million, and thereby the Poviat's contribution to the production sold in the voivodship also increased.

The industrial production sold for one person in the Poviat was in 2007 PLN 12012 (the average for the voivodship PLN 13447), which gave the Poviat the 5-th place in the Zachodniopomorskie voivodship (the best were Poviats: Goleniowski, Policki and Szczecinecki).

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 people in the Poviat of Myśliborski in 2007 amounted to PLN 219.5 million and were higher than those incurred in 2004 by 32.2%.

The highest expenditures were incurred in the industrial sector, then in agricultural sector and in services (primarily in the market services). Since 2004 the expenditure incurred in services and the agriculture sectors increased, while in industrial – decreased. The volume of investments per capita equals to PLN 3261.00, and was higher than the average in the voivodship and put Myśliborski on the 3-rd place among other Poviats (after Policki and Goleniowski).

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the Poviat was PLN 323.2 million and was higher than in 2004 by 16.5%. The highest gross fixed assets were recorded in the industrial sector, then in services (primarily in the market services) and agricultural sector. Compared with 2004, only in services the capital expenditure decreased. According to the gross worth of fixed assets per capita in 2007, the Poviat of Myśliborski was on the 11-th place in the voivodship.

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Tab. 6. Investment and gross fixed assets in the Poviat of Myśliborski in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	166,0	164,0	219,5	132,2
in % agricultural sector:	1,5	5,0	2,1	140,0
industrial	90,0	81,4	86,1	95,7
market services	8,5	13,4	11,3	132,9
non-market services	0,0	0,2	0,5	-
per capita in PLN	2458	2433	3261	132,7
The gross value of the asset in million PLN	899,8	861,9	1047,9	116,5
in % agricultural sector:	7,9	9,1	7,9	100,0
industrial	66,1	60,9	67,1	101,5
market services	25,3	29,0	24,0	94,9
non-market services	0,7	1,0	1,0	142,9
Per capita in PLN	13363	12799	15584	116,6

Source: *Own analysis based on the data from the Central Statistical Office.*

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities).

In 2008, the Poviat of Myśliborski received for the execution of its tasks, 53.2 million PLN (about 33.3% more than at the beginning of the investigation period). It was PLN 791.65 per capita – which was the 12-th place among the Poviats of earthly. The expenditures amounted to PLN 57.3 million of which investment expenditure property constituted 8.6%. The growth of expenditure in the Poviat (compared with 2004) was higher than revenues. Spending per capita placed the Poviat on the 11-th place among the Poviats of earthly.

Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within the Poviat of Myśliborski in 2004, 2006 and 2008 in PLN

SPECIFICATION	2004	2006	2008	2004=100
Poviat budget revenue	39938190,00	43525952,86	53234282,97	133,3
per capita	591,60	645,67	791,65	133,8
Poviat budget expenditure	39674235,00	52397915,57	57349002,39	144,5
per capita	587,69	777,28	852,84	145,1
Revenue of municipalities' budgets	115109734,00	143367409,77	164171689,21	142,6
per capita	1705,10	2126,73	2441,40	143,2
Expenditure of municipalities' budgets	112476323,00	144558026,03	165005201,72	146,7
per capita	1666,09	2144,40	2453,79	147,3

Source: *Own analysis based on the data from the Central Statistical Office.*

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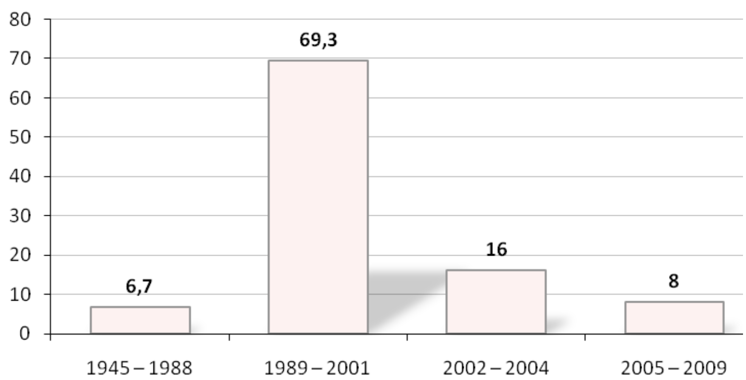
The budgets of districts of the Poviat of Myśliborski in 2008 drew the joint income equalling to PLN 164.2 million and the amount of income per capita placed the Poviat on the 17-th place in the voviodship among the Poviats of earthly. Municipalities issued PLN 165 million, in which property investments accounted for an average of 15.8% of the total expenditure budgets of these communes. Compared with 2004, the revenue of municipalities increased slightly more slowly than their expenditure.

Own research results

A. The State and structure of the economic activity of the companies surveyed
Entrepreneurs and their companies – characteristics of the business

Watching the state of economic activity of the companies in the Poviat, one can clearly observe the years of bigger and smaller dynamism in it. The number of registered traders were especially big in years 1989-2001, when 69.3% of new enterprises entered the market (fig. 2). In subsequent years, the number of new firms rapidly fell. Presented data are companies which still operate on the market, and do not show absolute increment in the number of companies – evidently at the same time a number of companies closed down. In principle it should be noted that companies existing in the Poviat are mainly those which have already had some business experience and they have been operating for more than 8 years – also during low prosperity on the market.

Fig. 2. The year of founding a company



Source: *Own research.*

With regard to the companies in the Poviat, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 78.9% of all companies investigated, then come small companies – 7.9% and the medium – 13.2%. Large companies were not represented.

Next, regarding the type of activities, single enterprises prevail – 75% and the remaining 25% goes to co-partnership companies (of which 14.5% limited liability partnerships, 3.9% – civil associations, 1.3% – partnerships, 2.6% – public companies and 2.6% – associations).

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So significant predominance of single firms may indicate a trend of changes on the local labour market – from employment, towards self-employment. Undertaking a business activity by individuals not having a legal personality enables relatively quick adapting to local and regional market conditions, and it requires relatively low start-up recourses and allows the owner to achieve the whole profit, while taking the total liability for the functioning of the enterprise.

The structure of operators, consistent with the PKD classification (Poland's Classification Code of Activities), clearly shows (a characteristic for the whole country) the predominance of companies from services-manufacturing and agricultural markets. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of Mysliborski are as follows:

- service sector – 25%
- commercial sector – 18.4%
- industrial processing sector – 13.2%
- transport, storing, communication sector – 10.5%
- protection of health and social welfare sector – 7.9%
- financial intermediation – 6.6%
- construction sector – 3.9%
- production and distribution of electricity, gas, water sectors – 3.9%,
- agriculture, hunting and forestry sectors – 2.6%
- real estate, renting and services for business sectors – 2.6%
- fishing sector – 1.3%
- hotels and restaurants sector – 1.3%
- educational sector – 2.6%
- public administration and national defence sector – 1.3%

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows the dominance of people with university education – people with such education were hired by 30.3% of the respondents. The recruitment of people with secondary education – 41.0% and vocational education – 23.8%. Additionally 3.3% of the companies employ workers with primary education, 1.3% of the respondents didn't answer this question.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Myśliborski in 2008 in the case of 17.1% of companies the employment declined, then slightly increased in 9.2% but in 73.7% of the surveyed companies there was no personnel traffic.

The main causes of the reduction in the number of workers were:

- the issues of external problem with

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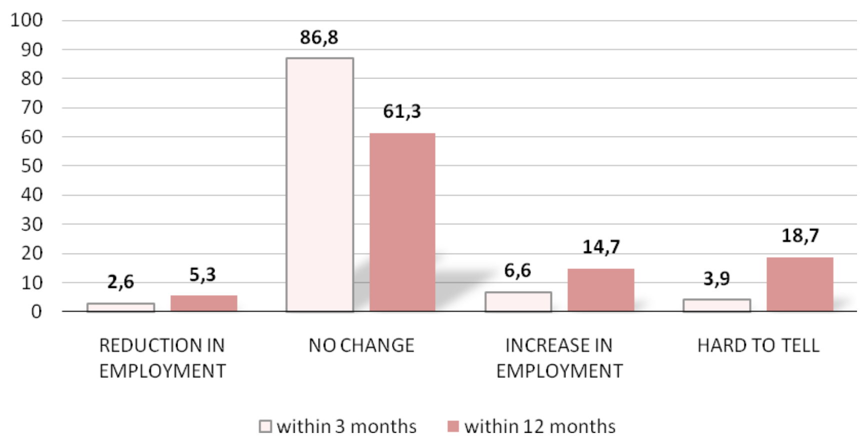
    - o the disposal of products and services – 44.4%
- internal issues:
    - o unprofitability of the production and sales – 11.1%
    - o dismissing employees on their own request – 11.1%
    - o restructuring the company– 11.1%
    - o too low remuneration – 5.6%
    - o the lack of workers' diligence – 5.6%.
    - o a planned closure of a firm – 5.6%.

In turn, the increase of employment in the company was due to the extension of the scope of their activities and the increasing demand for the products or services – 33.3% each and the seasonal nature of work and the beginning of a new activity – 16.7% each.

These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, in addition, in the Poviat we can see natural factors explaining personnel traffic in companies (retirement, leaving at one's own request). It is worth stressing that large personnel fluctuation is not a favourable factor to business efficiency and indeed has negative consequences for companies.

The declarative dynamism in employment within the next three months, and the nearest year is optimistic because only 2.6% and 5.3% of the surveyed plan to reduce the number of employees. A small differentiation relates to keeping stable employment, with respect to 3 months it is 86.8% and in respect to 12 months less – 61.3%. In turn, the forecast on growth in employment varies, as in the context of 3 coming months 6.6% of respondents predict the increase of employment, in regard to subsequent 12 months the number of indications increases to the level of 14.7%. In addition, approximating percentage of the respondents 3.9% and 18.7% in the context of 3 and 12 months respectively cannot predict employment dynamics (fig. 3).

Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates (fig. 4). The reduction in employment is expected only in sections: F – Construction and D – Industrial processing. A waiting attitude is

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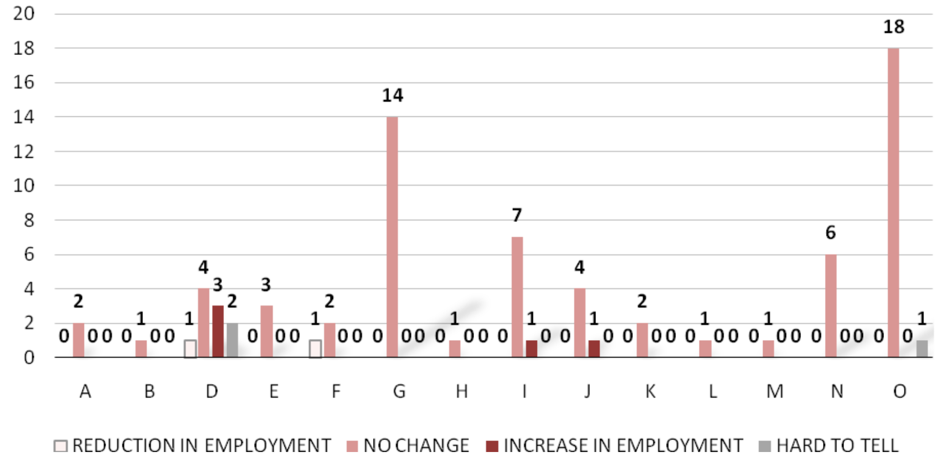
dominant among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers. However, it should be noted that there are more companies which expected a future increase in employment than those expressing an opposite view. The biggest group expecting the growth in employment came from section D – Industrial processing. Some revival, which is supposed to boost employment, is expected to come from the business representatives of sections: I – Transport, storing, communication and J – Financial intermediation.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the Poviat of Myśliborski the need for specific professions is what follows: industrial labourers and craftsmen – 42.9%, machinery operators and assemblers – 28.6%, office staff – 14.3% and higher office workers and managers – 14.3%.

The distribution of indications according to type of required education in potential workers is as follows: higher professional education compatible with the company profile – 18.2% secondary technical consistent with the firm's activity – 9.1%, and vocational education compatible with the company profile – 9.1%, additionally, employers require from employees such skills as: special professional courses preparing for work – 9.1%, welding certificate – 9.1%, some previous experience in the job – 18.2% and permissions for handling machinery and equipment – 18.2%. It is worth noticing that the above qualifications and professional skills are not disjoint requirements.

Seeking new employees may be done internally (the so-called internal recruitment), and by external recruitment (seeking employees on an external labour market). With regard to the Poviat of Myśliborski the analysis refers to the external recruitment process. The companies looking for employees declare the application of the following recruitment strategies: 21.8% of the firms seek workers with the assistance of UP (the Work Centre), 20.9% of the entrepreneurs use advertisements in the press or the Internet, 9.1% of answers that persons interested in

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obtaining work applied for it in person, in 7.3% of cases that they were recommended by others, and through professional job agencies – only 0.9%, and the remaining 40% declared that they did not seek employees at all.

The company's development potential – the company's remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this, the so called sensitive variable, is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. The response shows that wages in the course of the past and the present year have gained a substantial level of dynamism, especially with regard to salary increase. In 2008 in 45.3% of cases salaries were increased, in 2009 there was so in only 17.1% of cases. The fact worth emphasising is the declaration to leave salary levels unchanged; in 2008 45.3% of the companies maintained salary, but with regard to the 2009 so declare 65.8% (tab. 8)

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	45,3	17,1
Were reduced	2,7	5,3
Unchanged	45,3	65,8
Refusal to answer	6,7	11,8

Source: *Own research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human resources management. It is of course a cost-generating item, but in the long term enhances business. In the Poviat of Myśliborski a worrying signal is that up to 65.8% of the surveyed companies do not use this type of solutions. The remaining – 32.9%, declare using training but taking into account only essential training: management, finance, marketing, accounting, foreign languages, the handling of machinery and equipment, sales and customer services, the hygiene and safety at work place, courses for drivers and courses in prosthetics, etc.

The above list indicates that companies protect the interest of the workplace sending their employees to participate in the training, not necessarily invest in human capital. The situation in which companies do not invest in human resources, they do not strengthen intellectual capital so in the long term it always has to result in a lowering of development potential. However, the current state may be a consequence of the current economic crisis and the drastic finding savings by companies.

Today, in the time of technology development, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. Used in enterprises technologies determine the potential of the companies of the Poviat of Myśliborski as follows: 26.3% of companies use modern technological lines purchased in 2008/2009, 35.5% within the last five years, in 28.9% of companies use technological lines purchased before 2004.

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In terms of modern technology procurement, the data are as follows:

- machines and modern devices – purchased in 2008/2009 – 22.4% of companies,
- machinery and equipment used from 3 to 6 years – 39.5% of companies,
- machinery and equipment used from 7 to 10 years – 19.7% of companies,
- machinery and equipment used for over ten years – 7.9% of companies.

From the presented data emerges a picture of companies that barely keep pace with the challenges of the market, by adjusting their solutions to modern requirements. However, the fact that 9.2% of the respondents were not being able to determine the applicable company technology and 10.5% of respondents could not specify the technological state of the machinery used in their company raises the concern that they did not want to admit to using in their companies outdated and old solutions which are generally disapproved of. This category cannot be firmly associated with the companies using the machinery and equipment older than 10 years. However, it can be assumed that a significant proportion of it has just such companies.

B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Myśliborski the choice of location for their activity was determined by:

- the residence of the owner – 54.7%
- the opinion that the Poviat of Myśliborski is a good location – 6.0%
- the availability of labour – 9.4%
- the availability of markets – 8.5%
- the matter of chance – 4.3%
- the availability of supply – 3.4%
- the availability of supporting institutions – 0.9%

The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market.

The presented data show that companies in the Poviat of Myśliborski seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality – the strategy for building a quality advantage (fig. 5). Some issue emerging from the answers of the surveyed was the inability to define the notion of competitive edge of a company (23.8%), even if this inability was displayed by employees, it is worrying that they do not have the knowledge of key topics for the

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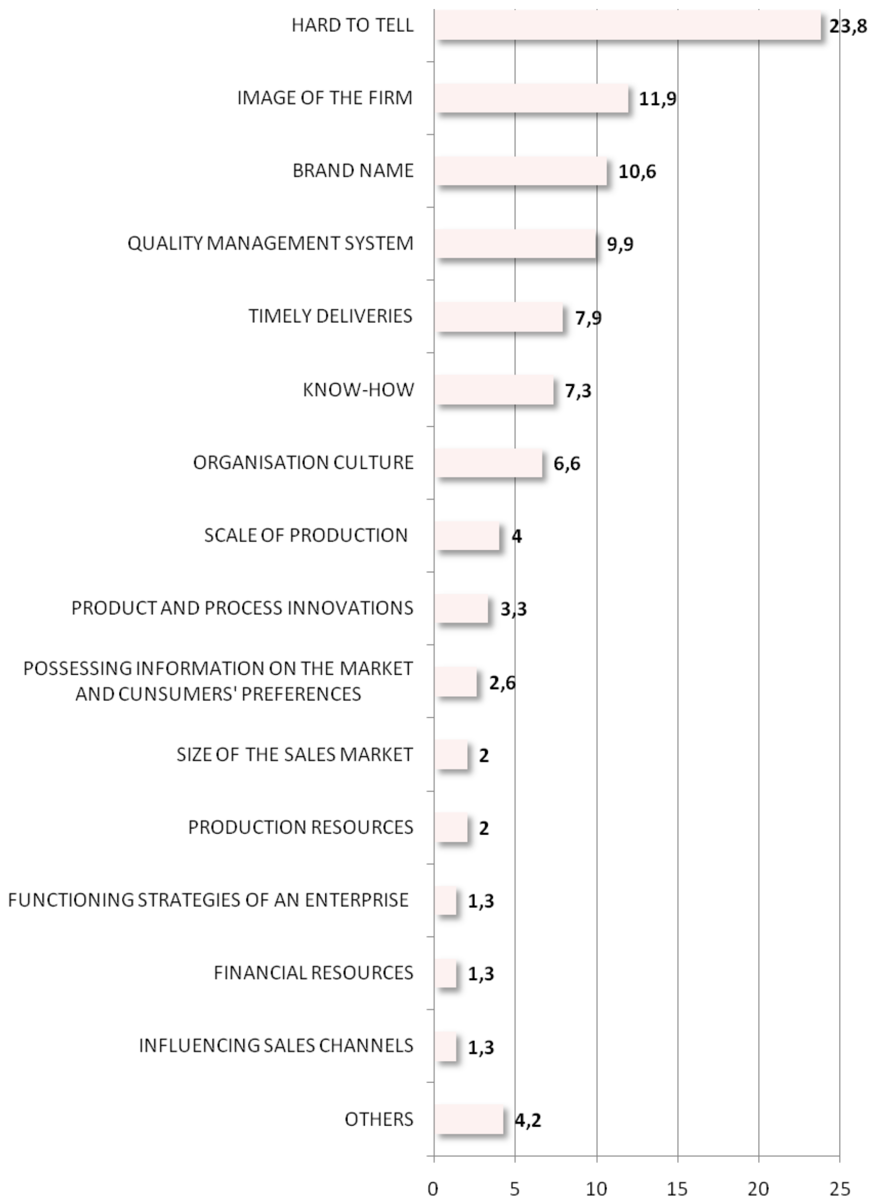
company and its further development – as indeed gaining a competitive edge in some field allows the company to strengthen its position.

Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

It is worth indicating that to maintain the competitive advantages obtained, there should be taken some measures seeking also to strengthen the price and information advantages, which to some extent lacked among the investigated companies. Most of the surveyed

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companies estimate their level of competitiveness as that of a local scale – 56.6%. In the opinion of the respondents there are 23.6% of companies with competitiveness on the voivodship level, 5.7% on a national scale, and 4.7 on the European Union scale. The remaining 4.7% cannot answer this question, or think that they are not competitive at all – 4.7%.
According to the respondents their main competitors are other local firms – 86.7% of indications, companies from Western Europe are seen as potential competitors by 4.0% of surveyed, firms from Eastern Europe and non-European companies – in 1.3% of the cases. The remaining respondents (5.3%) could not answer this question, while 1.3% of the surveyed never suffer pressure from the competition.

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses. 16.6% of the surveyed companies declare that they encounter no problems in activities; however, the remaining 83.4% of the respondents are experiencing crisis or cumbersome situations.

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- uncertainty of the overall economic situation – 12.7%
- inadequate domestic demand – 11.5%
- heavy bureaucracy – 11.5%
- high load on the State budget – 10.8%;
- strong domestic and foreign competition – 8.9%
- unclear and inconsistent legislation – 4.5%,
- the development of 'grey market' – 3.2%
- insufficient foreign market demand – 3.2%
- no concept of development for cities/municipalities – 1.9%
- a poorly developed technical infrastructure – 1.3%
- large distance from the outlets and supply – 1.3%
- differences in fuel prices – 0.6%

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications)

- difficulties in accessing funds necessary to operate – 7.6%
- the lack of professional staff – 3.2%
- the lack of suitable machinery – 0.6%,
- difficulties in claiming payments from clients – 0.6%.

The most serious complication of the surveyed companies is learning the functioning in the economy market conditions, where the norm is experiencing strong competition mechanisms, the pressure and the need to take risks. Note the opinion of the respondents to the importance of constraints on their operation causes by the functioning of public institutions – they felt particularly affected by the heavy bureaucracy and high taxation of the State. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, with the frequent problems created by the State and its institutions.

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. In the Poviat, the main practice in these situations are: reducing investment expenditure – 12.3%, or in general cessation of investment – 10.4%,

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the reorganisation of the establishment – 10.4%; reducing the level of employment – 12.3%; the reduction in wages – 2.8%; the decrease of working time in the employees' work contracts – 0.9%, sending employees to payless vacations 3.8%, and also lowering prices – 1.9%, cost reduction – 1.9%, liquidation of the company – 0.9%.

This means that to a great extent, the reaction to crises is restricting an aspect of activity, which is a passive strategy. Active methods comprise: active search for new orders – 1.9%. It is worth to recommend active strategies, which to some extent secure against the effects of the volatile environment. Not taking any concrete action in a crisis is a much more unfavourable phenomenon – and such passivity is owned up to by as many as 34.9% of the surveyed. In addition 5.7% of the surveyed cannot completely define the way of tackling difficult situations, namely over 40% of the surveyed knowingly or unknowingly apply a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 46.7% of the surveyed conclude that the situation of the company during the last 6 months has not changed, and 20% say that it has clearly improved. However, the opposite opinion was voiced by 36% of the surveyed which is a relatively large group. 1.3% could not answer the question. It is clear that the assessment of the socio-economic conditions depends on one's own subjective business experience.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for goods and services – 60%,
- increase in prices of materials and raw materials – 24.4%,
- crisis – 6.7%
- increase in fuel prices and energy – 4.4%
- the change of the euro/zloty rate – 2.2%
- greater caution of investors – 2.2%

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 47.8%
- prices of materials and raw materials – 13.0%
- the euro/zloty rate – 8.7%
- acquisition of new investors – 8.7%
- fuel and energy prices – 4.3%
- the Swiss frank/zloty rate – 8.7%
- growth of productivity – 4.3%
- hard to tell – 8.7%

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in economy – some can use the skills for

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development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

It is generally known that the companies function in a particular external environment – a socio-economic surrounding, whose quality affects the functioning of companies. By 54% of the surveyed the economic situation in the region during the last 6 months deteriorated, by 38.2% has not changed, and by 7.9% of the surveyed state that it improved. Such diversity of opinions certainly derives from subjective experience of entrepreneurs on the market, if the company prospers effectively the propensity to the positive assessment of the surrounding in which it operates is greater (and vice versa).

Respondents forecast how the economic situation in Zachodnipomorskie voivodship will change over the next 6 months. The results allow moderate optimism, negative scenarios predicting a deteriorating economic situation in Zachodniopomorskie voivodship were expressed by 11.8%, and 32.9% thought that the situation in the projected period would not change, 23.7% of the surveyed believes that it will improve, at a large group of the respondents – 31.6% have difficulties in outlining future prospects.

The next variable on which the market dimension of business development should be described is the dynamism in the demand for services/products. An attempt to observe changes in this area includes a comparison of the data in relation to the period last year. And so 40.5% of the surveyed anticipate reducing in demand, 39.2% – maintaining the previous level, 16.2% its growth. The remaining 4.1% of respondents did not know how to estimate the changes in the context of the past year. The surveyed forecast also changes in the demand for services and products in the context of the same period next year. The distribution of this indicator is as follows: similar numbers of the surveyed believe that demand will not change – 38.2%, and that the demand will be higher – 32.9%. Besides, the decline in the volume of demand was chosen by 14.5%, with the same number of respondents not being able to estimate the changes in the volume of demand. It leads to a conclusion that the situation on the market is so dynamically variable that respondents are not in a position to describe changes even in a relatively short period of the upcoming year.

One of the major factors determining the development potential of companies is the level of investment. It is obvious that in order to strengthen the position on the market, and not to be outstripped by competition, a company must take pro-developed actions, one of these types of actions are investment projects. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and to the local or regional development. The benefits of adequately realised investments are obvious and usually mean strengthening the position of the company on the market. No investment always results in the stagnation and disappearing from the market.

The primary (though not the only) way to invest is increasing the resources of tangible fixed assets of the company. In this regard the companies of the Poviat of Myśliborski present adversely, because in 37.2% of the surveyed companies expenses did not exist, but the companies of the Poviat of Myśliborski which do invest usually choose the following goods – ranked by the multiplicity of indications:

- equipment (furniture, appliances) – 29.8%
- vehicles – 18.1%,
- buildings, land – 14.9%.

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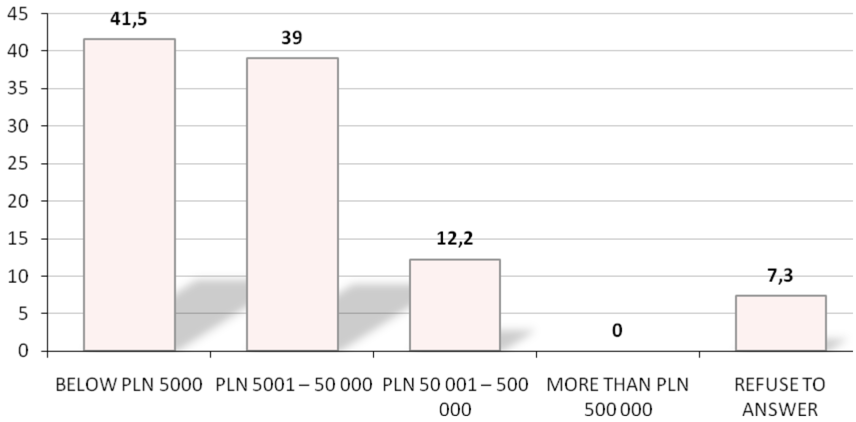
Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). 41.5% of the respondents pointed out that the expenses incurred were below PLN 5 000. Next groups of respondents declare increasingly higher amounts: 39% invested in the development of their company from PLN 5 000 to PLN 50 000 and 12.2% – PLN 50 000 – 500 000, and there were no companies invested over 500 000, while 7.3% refused to answer this question. Without doubt, this suggests a small scale of their operations, and its sector specificity – the firms involved in minor services mostly do not require costly equipment.

Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

The respondents also forecast possible investments in the course of the next six months. The resulting data are worrying. 33% of surveyed companies do not plan over the next six months of 2009 to take the expenditure for the purchase, lease, leasing refurbishment of vehicles, equipment, or real estate, 31% of the surveyed declare such intentions and 9% cannot answer this question. If entrepreneurs understand the meaning of the importance of investment, the lack of outlay of this type will result in the lack of extension of existing fixed assets of the company.

On the basis of subjective experience, respondents also made a long term forecast concerning the situation of the company, according to the surveyed in 3 years:

- the company situation will be similar to the present– 27.6%
- the company will be better than today – 25%
- the company will fail in liquidation – 10.5%
- the company will be worse than today – 2.6%
- hard to tell – 34.2%

A worrying signal from the analysis of the compiled data is that a significant number of companies (34.2%) are not in a position to evaluate their own development in relation to the relatively near future. This poses some threat to their existence on the market and their development awareness.

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Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel.

Partnerships and networking economic links among enterprises should be included to the external growth strategy, and what regards its duration and dimension, it can be in the form of short or long-term cooperation and it may be developed to a different extent.

In this regard the Poviat of Myśliborski compares rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. The overwhelming majority – 62.1% of the surveyed companies do not co-operate with other entities. In respect of the remaining companies (29.6%) that undertake to cooperate with other firms, they do it with: companies operating in the region (19.5%), self-governing units (1.1%), business incubators (1.1%), consultancy companies (1.1%), innovation centers and educational institutions (3.4% each) and NGOs and Government units (2.3% each).

Another important issue characterising entrepreneurs is the applied form of cooperation with companies in the region. The overwhelming majority of the surveyed companies (85.3%) do not co-operate with other entities. In respect of the remaining companies (14.7%) that do undertake some form of cooperating with other firms, in the form of joint-venture, association and subcontracting – 4.0% each and financial cooperation – 2.7%.

The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to the low use of support from public institutions. The vast majority – 79.5% of the respondents declare that they do not use any available forms of support, the remaining 20.5% of companies benefited from: the increase of employment in the company – 8.4%, tax levy funding – 1.2%, funding the social security contribution – 2.4%, on training and courses for employees – 6.0%, on the environment protection fund – 1.2%, at the same time 1.2% of the surveyed not being able to answer this question.

As these data relate to the three previous years, their negative values are especially worrying. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. A partial answer to this question is the statement that 29.5% of the surveyed cannot indicate any form of support from the units of local self-government, which could help the company's activities. Among the respondents who preferred some forms of support, the most important are the following: funding the ZUS contribution (39.2%), funding tax charges (24.1%), subsidies to increase employment (20.3%), and grants for training courses for workers (13.9%) (fig.7)

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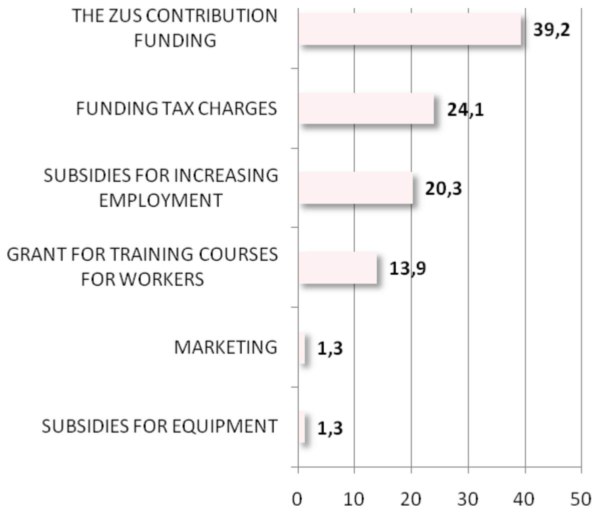
Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

The extent of economic exchange

Economic exchange in the EU in done on a common internal market, which first covers the entire EU territory, and the second is based on the principle of the four freedoms: the movement of goods, persons, services and capital. Therefore, the analyzed districts seem to be participating in this area on the principles of free competition.

Exchange enterprise conducted by members of the trade in the discussed Poviat is limited spacewise – 81.6% of the surveyed companies did not have any international exchange experience, 7.9% of them had some goods or services export experience, 1.3% of them had goods or services import experience, and 9.2% export-import of goods or services. The few companies which do export their products sent them mainly to: generally, the European Union, to Germany (40%), the United Kingdom, Italy, France, Denmark.

15.4% of the respondents expect that over the next 6 months their exports will remain unchanged, 46.2% forecasting a rise, while the opposite view is also held by 23.1% and 15.4% of the respondents cannot specify directions in the dynamics of export.

Innovation in enterprises

As already mentioned the competitiveness of enterprises is determined by many factors of the external and internal nature. The first group of factors includes such as: State policy and the condition of the available infrastructure, to other group includes the internal factors, e.g.: the type of management, held capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is exceptionally merit-type of a factor for development, since it determines not only the pace and directions for economic development on an individual scale, but on a local, a regional and an international scale as well.

The innovation rate in business in the area of the Poviat of Myśliborski is low, because only 26.3% of companies declare that in the period of 2007-2009 they have applied some innovations, the remaining 73.7% did not take any innovative actions. In respect of the

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companies which applied some form of innovation, the source of their innovation was: (listed due to the declining number of indications):

- purchase technology – 50%
- purchase of licenses – 13.6%
- introducing innovation by partner/ co-owner – 9.1%
- copying ideas and solutions from competition – 4.5%

The above data show that the companies in the region do not have their own resources to develop their own innovations. On the other hand it is worth noting that the most common way of implementing innovation, and reported by the firms in the Poviat of Myśliborski – ethical, although certainly financially stretching – is the purchase of technologies.

The surveyed also defined the barriers in implementing innovations. The main reason for applying innovation on such a small scale is the inability to finance innovative businesses – 33.8% of answers, too large risks associated with the implementation of innovation – 14.9%, and next the lack of potential interest in new products/services from client – 5.4%. Unfortunately, up to 39.2% of the surveyed were unable to diagnose the reasons for which innovation was hampered or impossible.

Activating entrepreneurs of the Poviat in question has more chances of success, in the context of co-operation with other entities for taking innovative actions. Noticeably, the pace of growth of innovation and new technologies in an enterprise and a region are determined, among others, by the volume of institutional funding on research, development and innovation.

In this regard, over half of the surveyed – 59.5% do not have any expectations and 11.9% cannot answer this question. And therefore 71.4% of all respondents of the Poviat of the City of Świnoujście have no basic knowledge on the role of cooperation with other entities in the field of innovation. Other answers (28.6%) prioritized their expectation as to simplifications in making contacts and developing cooperation as follows: 16.7% for the creation of programmes to promote technological development at the level of municipalities, then 6.0% indicated the need to build a system of information on technological needs of companies, 1.2% showed the need for improving the quality and suitability of offers for companies prepared by units B+R and the next the need for building an information system on the offers prepared by units B+R and the need for building institutional infrastructure for intermediation and transfer of technologies – 2.4% each.

Considering that only 14.4% of respondents answered the question the knowledge in this area seems to be much too low, and underestimating innovation appears to be caused by the delays in economic development of the poviat in question.

As for the use of modern multimedia tools, the companies operating in the Poviat of Myśliborski show favourably, 94.7% are using modern IT systems like the Internet. The firms from this group of respondents possess their own web sites, and e-mail accounts. Only 5.3% of the surveyed so far have not used multimedia tools like the Internet.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

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The emerging picture is somewhat alarming. 90.8% of the surveyed companies in the Poviat of Myśliborski have never been using EU structural funds. The remaining 9.2% have used them mainly for: to raise the quality of potential staff – 2.6%, the development of technical infrastructure, to increase their employment and to purchase of vehicles – 1.3% each, while 5.3% of the surveyed cannot answer whether, and if so, on what the company has spent the EU structural funds.

The presented level of the use of funds in 40.5% of cases stems from the lack of interest in this type of support. Interestingly enough, more than half of respondents 49.4% do not want to benefit from EU structural funds. The entrepreneurs who did use EU grants defined the barriers limiting their effective gaining the resources (the following factors are organized by declining importance):

- bureaucracy and ambiguity of EU request forms – 21.7%
- limited access to information about programs – 13.3%,
- the necessity of own contribution – 10.8%,
- costs of preparing the application – 9.2%
- short term preparation – 5.0%,
- the lack of adequate programmes for a given branch – 1.7%,
- the lack of help – 0.8%,
- waiting a long time – 0.8%,
- problems in obtaining a building permit – 0.8%,
- the lack of time – 0.8%.

As shown above, the previous experience of the entrepreneurs in the Poviat of Myśliborski with applying and using EU structural funds is not very positive. A significant proportion of the companies, indeed, have no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of Myśliborski in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the district, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the Poviat is its demographic potential. With this respect in the investigated period the following processes were observed:

– the slow decline of population caused by the drainage of population from the Poviat;
– changes in the population age structure – permanently decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over

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– the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

– the increment of the rate of the number of working for 1000 people,
– the growth in average monthly gross salaries,
– a systematic decline in the number of unemployed people (6-th place in the voivodship,
– the deficit jobs in 2008 in the Poviat of Myśliborski were found in such big professional groups as: parliamentarians, politicians, higher office workers, vocational teachers and instructors, office support staff, unskilled workers, employees at work in trade and services, managers of big organisations, teachers, auxiliary workers in agriculture and machinery operators and assemblers. There was a balance in the groups of: executives of small and medium-sized factories and industrial labourers and craftsmen. The highest values of the surplus intensity rate were found in such professional groups as: farmers and fishermen working for their own needs, medium level personnel in agriculture and health services, gardeners, foresters and market oriented fishermen.

It can be said that the Poviat reached the level of economic development that would reflect its resources and its full potential. Still, there were clear indications of the economic upturn, evident from the analysed economic indicators like:

– growth in the number of economic subjects, especially so important for economic growth commercial partnerships,
– increase of the industrial production sold,
– the increase of the Poviat's participation in creating voivodship value sold,
– the increase of investments in companies (higher than the average in the voivodship),
– higher than in 2004, the gross value of fixed assets.

Another conclusion from this analysis is that the development of entrepreneurship in the Poviat will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat, allows to indicate some specific features for this group. The surveyed firms are engaged primarily in service sectors. The commonest are microenterprises, registered in the form of a natural person establishments. A significant proportion of the structure of the surveyed companies have enterprises with previous experience in business, which are present in the market for over 8 years.

The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and medium-term (12 months) – indeed waiting attitudes prevail, and although the prospect for employment growth seems to be visible on the horizon, this horizon is rather distant, and thereby these expectations can be futile.

Considering the respondents' answers, it can be concluded that business activity is hampered by both market factors (strong competition, limited demand) and administrative factors (high load on the State budget, too heavy bureaucracy) and positive examples of the support obtained from public institutions were rare. From the voices coming from representatives of companies it is clear that for most of them the State (and its different agencies) does not have any interesting forms(or at least it is not known) of supporting business enterprising. Generally

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the company's focus is primarily on consolidating its place on the market, and the co-operation and partnership with other enterprises or public institutions are rare occurrences.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is a very small share of innovative solutions used in businesses.

It should be noted that the situation of companies and their prospects for development should not be seen solely in the context of economic considerations. When planning activities whose purpose is to support the development of the economy, you must also take account of social phenomena. It seems that the key problem areas include: the relationship of employers with their employees, as well as with public institutions, and the business environment. It seems to be advocating some action aiming at changing the mindset, the mentality of many entrepreneurs and executives – also in relation to practical aspects of running a business, management, strategic planning, etc. It is also noted that there should be some breakthrough in antagonisms occurring now between the main actors on an economic stage (e.g. entrepreneur-workers, entrepreneurs-officials, entrepreneurs-banks).

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate to much different rules from those of small and medium companies;
2) a series of institutional and procedural barriers need removing in the process of setting up and running a business both at national and local levels;
3) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
4) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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5. The Poviat of Pyrzycki

Introduction

Territorial Division

The Poviat of Pyrzycki is situated in the south – west of the Zachodniopomorskie Voivodship. It borders with four neighbouring Poviats: Choszczeński, Gryfiński, Myśliborski and Stargardzki. In 2008 it covers the area of 726 sq. km, which accounts for 3.2% of the area of the whole voivodship, and has the population of 40.0 thousand which is 2.4% of the whole voivodship population. With these figures the Poviat of Pyrzycki ranks on the 14-th (together with the Poviat of Kołobrzeski) and on the 14-th (together with the Poviat of city Szczecin) respectively in the whole voivodship.

The Poviat consists of 6 communes: urban-rural: Lipiany and Pyrzyce communes and a rural Bielice, Kozielice, Przelewice and Warnice communes. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 93.9% and put this Poviat on the 15-th place in the voivodship. Respectively the urban area ratio was on the level of 6.1% which meant the 3-rd place in the voivodship.

In the whole Poviat there are 104 towns and villages with the proportion of 102 villages and only two towns: Lipiany and Pyrzyce, which are the capital of the Poviat.

Fig. 1. Administrative borders of the Poviat of Pyrzycki
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect to all entrepreneurs taking part in the research. In the analysed population, the gender regression is somewhat asymmetrical: 58.7% of men and 41.3% of women. The shape of the next variable, namely age, indicates the preponderance of the category referred to as middle age – the most represented was category 46-55 – 34.8%, then 36-45 – 21.7%, 56-65 lat – 13.0%. With regard to all respondents, most of them had a tertiary education – 45.7%, and secondary education – 28.3%, a vocational education – 21.7% and a primary education – 4.3%. The last variable is the job or post they hold. Thus there were 73.9% of firm owners company,

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6.5% of HR workers, 2.2% of chairpersons and directors and people responsible for talks in the company – 17.4%.

The socio-economic situation analysis
The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 the Poviat of Pyrzycki population slightly decreased (by about 0.3%). According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

The Poviat of Pyrzycki belongs to sparsely populated areas, the average population density rate in 2008 was 55 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level.

In 2008 the Poviat of Pyrzycki all city population was 16.9 thousand people, which in turn determined the urban demographic rate on the level of 42.3%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, the Poviat of Pyrzycki seems to be a region of low urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rate the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in the Poviat of Pyrzycki in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	40117	39958	40002
Urban demographic rate	42,1	42,1	42,3
Rural demographic rate	57,9	57,9	57,7
Population density per 1 km^2	55	55	55

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological and economic age groups. As for the first criterion, the following age groups can be distinguished: 0-14, 15-64, and 65-plus. This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 0.7 thousand, and its general ratio to the total population of the region fell from 18.2% to 16.5%. In the next age group, i.e. age 15-64, there was a slight increase from 28.1 thousand to 28.7 thousand in the respective years. However, the ratio of this group to the total population increased from 70.1% to 71.7%. The last age group population, i.e. age 65-plus slightly increased by 0.9% and its ratio to the total population went up from 11.7% to 11.8%. These

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demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Poviat of Pyrzycki the percentage of people in the pre-productive age group was 20.7% (in the voivodship – 19.1%), in the productive age group – 64.8% (65.9% in the voivodship) and in the post-productive age group – 14.5% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 1.2%) and post-productive age group (by 1.3%), and a simultaneous decrease in the pre-productive age group (by 2.3%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in the Pyrzycki 454 new children were born, which accounted for a 8.4% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 11.2 live births (10.8 in the voivodship) and only 10.3 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in a given area. In the years 2004 and 2008 in the Poviat the number of deaths remained on an identical level (393 people). For each 1000 inhabitants in 2004 and in 2008 there were 9.7 deaths (in 2008 9.7 in the voivodship). The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Pyrzycki in all the years in question amounted to over 50%.

The population growth, based on the number of live births and the number of deaths in the Poviat of Pyrzycki in 2008 was positive (61 people) and compared to that from 2004 had increased. After conversion for each 1000 people, the growth ratio was on the level of 1.5 (1.1 in the voivodship), and in 2004 – 0.6.

Tab. 2. Natural migration of people in the Poviat of Pyrzycki in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	10,3	11,1	11,2
Total death rate for 1000 people	9,7	9,4	9,7
Natural growth rate for 1000 people	0,6	1,6	1,5

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the Poviat of Pyrzycki in 2008 the total migration rate was negative and amounted to -84 people, which was caused by the outflow of people to other Poviats in the voivodship or going abroad. For each 1000 people in the Poviat the migration rate was negative (-2.1 people), and was higher than in the voivodship (-0.8 people).

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The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Poviat of Pyrzycki in 2007 there were 4.9 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 4.1%. In the analysed period there was a significantly bigger increase in the employment of women (by 9.0%).

For each 1000 people in 2007 there were 124 people employed in the firms with nine and more workers, which ranked the Poviat on the 19-th place in the voivodship (with the average rate for the Zachodniopomorskie Voivodship 193 employed in nine-plus firms for each 1000 people). The analysis of the employment rate shows its growth compared to 2004 (but lower than in the voviodship).

Tab. 3. Workers and salary in the Poviat of Pyrzycki in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	4750	4860	4943	104,1
men	2121	2086	2078	98,0
women	2629	2774	2865	109,0
Workers together with individual agriculture	6971	7081	7164	102,8
in% of the agricultural sector	35,2	34,8	34,8	98,8
industrial	27,5	29,9	29,1	105,8
supporting	37,3	35,3	36,1	96,9
Average monthly gross salary of PLN	1915,58	2013,60	2112,50	110,3

Source: *Own analysis based on the data from the Central Statistical Office.*

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Poviat of Pyrzycki in 2007 the number of people employed was 7.2 thousand. The employment structure by economic sectors shows that 34.8% of the employed worked in agriculture, 29.1% in industry and 36.1% in services. Since 2004 the employment in the industry sector slightly increased, and it did so at the expense of the agriculture sector (a smaller drop) and in services (a bigger drop).

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The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was 2112.50 and it was more than in 2004 by 10.3% (for the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by PLN 503.00). With respect to the pay rate, the Poviat was on the 20-th place.

In the Poviat of Pyrzycki, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 2774 people unemployed (in which women made 59.3%). Since the beginning of the analysed period the number of unemployed dropped by 46.0% (by 54.8% in the voivodship), and the drop referred mainly to male workers. 60.8% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the increase.

The registered unemployment rate in the Poviat in 2008 was 22.0% (with the average for the voivodship 13.4%) and put the Poviat on the 13-th place in the voivodship. By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a slight decrease of the unemployed not entitled to state welfare money (by 2.7%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still worryingly big – in 2008 it was 84% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 4.1%) and aged 25-34 and slightly in the age group below 25 years and decrease in groups: 35-44 and 45-54. There were also more unemployed people with a general secondary education and university education (slightly with post-secondary education and secondary vocational education) and fewer unemployed with vocational education, gymnasium education and lower.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above leads to difficulties on the job market (unemployment or surplus of jobs). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and job offers made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in the Poviat of Pyrzycki were only found in such big professional groups as: vocational teachers and instructors, teachers, office support staff, extractive and processing machinery operators, supportive workers in trade and services, mining, industry and construction auxiliary workers. There was a balance in the group of money market and customer service. The highest values of the surplus intensity rate were found in such professional groups as: fine mechanics, ceramics and printing, farmers and fishermen working for their own needs and foresters and fishermen. In comparison to 2004 the average surplus intensity rate decreased, which means some deterioration of the unemployed on the job market.

Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In the Poviat of Pyrzycki in 2008 in the REGON register there were 3.7 thousand firms and businesses which accounted for only 1.8% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 23.5% (with 5.5% in the

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voivodship). From among all businesses operating in the area in 2008 over 96% came from the private sector.

Considering the competitiveness of the Poviat of Gryfiński with regard to the business saturation, it only ranks on the 17-th place in the voivodship. On average, the Poviat has 93.4 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Gryfiński is a weakly developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Poviat of Gryfiński in 2004, 2006 and 2008

SPECIFICATION		2004	2006	2008
All economic subjects		3024	3451	3735
for 1000 people		75,4	86,4	93,4
by economic sectors in %	agriculture	4,2	4,6	4,8
	industry	27,2	30,1	31,7
	services	68,6	65,3	63,5

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for over 95.0% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 3.4%, and medium businesses only 0.9%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro and medium businesses in the Poviat increased, and that of small businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat of Pyrzycki was represented by natural persons running their own businesses (80.9%), with the next place going to trade companies with 4.9%, associations and social organisations with 2.1%, co-operatives with 0.7%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 46.0 trading companies for 10000 people in the Poviat giving it the 10-th place in the voivodship together with the Poviat of Stargardzki. Compared to 2004, the number increased by 27.8%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 87 such companies in the region, which, when set against 10000 people, gave 21.7 units. Companies with foreign capital accounted for 47.3% of all trading companies in the Poviat, and their number compared to 2004 increased by 27.9%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Poviat of Pyrzycki the firms from the service sector were the most numerous with the number of 2.4 thousand they accounted for 63.5% of all

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registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 54.4% of all businesses in the Poviat, and non-market services by 9.2% of firms. The percentage of firms from the industrial sector was more than 31%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails, on average, more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.2 thousand, which was 4.8% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that almost 57% of the firms in the region in 2008 came from three sectors: trading and repairing, services for housing and firms, and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[18] In 2008 in the Poviat of Pyrzycki REGON register 440 new firms were registered, which gave 11.0 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: building – 33%, trade and repairing sector – 21.8% and services for housing and firms – 9.8% which is recently a generally observed tendency in the whole country.

In 2008 in the Poviat of Pyrzycki 257 firms were crossed out from the register. For 1000 people it gave 6.4 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, building and industrial processing. However, it should be stressed that more firms were registered than checked out.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Pyrzycki in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	304	501	440
for 1000 people	7,6	12,5	11,0
All checked out firms	226	211	257
for 1000 people	5,6	5,3	6,4

Source: *Own analysis based on the data from the Central Statistical Office.*

Using the shift-share analysis, the level of competitiveness of the Poviat of Pyrzycki can be assessed. The level is referenced to the Zachodniopomorskie Voivodship with respect to the

[18] *The Report on the condition of small and average firms in Poland in 2006-2007*. Prepared by Polish Business Development Agency, Warsaw 2007.

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number of national economy subjects according to the PKD classification code. Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are faster than in the voivodship, especially in the building sectors (F). The level of competitiveness of the area (KO) illustrating the differences between the growth rate in the Poviat in comparison to the voivodship is high. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the Poviat of Pyrzycki in 2007 it was worth PLN 372.4 million and it was 1.6% of the total production sold in the voivodship. Compared to 2004 there was an increase in the production sold in the Poviat by PLN 154.3 million, and thereby the Poviat's contribution to the production sold in the voivodship also significantly increased.

The industrial production sold for one person in the Poviat was in 2007 PLN 9331.00 (with the average for the voivodship PLN 13447.00). That gave the Poviat the 8-th place in the Zachodniopomorskie voivodship. The best Poviats at industrial activity were: Goleniowski, Policki and Szczecinecki.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 people in the Poviat of Pyrzycki in 2007 amounted to only PLN 23.1 million (the least in the voivodship) and were lower than those incurred in 2004 by 39.8%.

The highest expenditures were incurred in the industrial sector, then in agricultural sector and in services (primarily in the market services). Since 2004 the expenditure incurred in services and the agriculture sectors increased, while in industrial – decreased. The volume of investments per capita equals to PLN 575.00, and was much lower than the average in the province and put Pyrzycki on the last but one place among other Poviats.

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the district was PLN 323.2 million and was higher than in 2004 by 13.2%. The highest gross fixed assets were recorded in the industrial sector, then in services (primarily in the market services) and agricultural sector. Compared with 2004, the capital expenditure in the industrial sector increased, in the agricultural sector and in services decreased. According to the gross worth of fixed assets per capita in 2007, the Poviat of Pyrzycki was on the 19-th place in the voivodship.

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Tab. 6. Investment and gross fixed assets in the Poviat of Pyrzycki in 2004, 2006, 2007

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	38,4	34,7	23,1	60,2
in % agricultural sector:	3,1	5,3	22,9	738,7
industrial	89,3	72,0	51,1	57,2
market services	7,3	11,5	19,5	267,1
non-market services	0,3	11,2	6,5	2166,7
per capita in PLN	957	869	575	60,1
The gross value of the asset in million PLN	285,5	313,7	323,2	113,2
in % agricultural sector:	12,1	3,0	3,0	24,8
industrial	56,6	72,0	78,2	138,2
market services	31,0	23,5	16,8	54,2
non-market services	0,3	1,5	2,0	666,7
Per capita in PLN	7117	7851	8098	113,8

Source: *Own analysis based on the data from the Central Statistical Office.*

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities).

In 2008, the Poviat of Pyrzycki received for the execution of its tasks, 31.4 million PLN (about 37.9% more than at the beginning of the investigation period). It was PLN 786.79 per capita – which was the 13-th place among the Poviats of earthly. The expenditures amounted to PLN 34.4 million of which investment expenditure property constituted 8.9%. The growth of revenues in the Poviat (compared with 2004) was higher than expenditure. Spending per capita placed the Poviat on the 10-th place among the Poviats of earthly.

Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within the Poviat of Pyrzycki in 2004, 2006 and 2008 in PLN

SPECIFICATIONS	2004	2006	2008	2004=100
Poviat budget revenue	22791416,00	24142458,31	31434641,86	137,9
per capita	568,56	604,60	786,79	138,4
Poviat budget expenditure	28185044,00	26268124,60	34360951,62	121,9
per capita	703,11	657,84	860,03	122,3
Revenue of municipalities' budgets	68315537,00	79847038,05	97669091,72	143,0
per capita	1704,22	1999,63	2444,60	143,4
Expenditure of municipalities' budgets	64729139,00	86857633,20	101109620,84	156,2
per capita	1614,76	2175,19	2530,71	156,7

Source: *Own analysis based on the data from the Central Statistical Office.*

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The budgets of districts of the Poviat of Pyrzycki in 2008 drew the joint income equalling to PLN 97.7 million and the amount of income per capita placed the Poviat on the 16-th place in the province. Municipalities issued PLN 101.1 million, in which property investments accounted for an average of 17.2% of the total expenditure budgets of these communes. Compared with 2004, the expenditure of municipalities increased slightly faster than their revenue.

Own research results

A. The State and structure of the economic activity of the companies surveyed
Entrepreneurs and their companies – characteristics of the business

Looking at the condition of the economic activity of the companies in the Poviat of Pyrzycki, the years of more and less dynamism in this area can be clearly seen (fig.2). The numbers of registered traders were particularly high in the years 1989-2001 when up to 63.0% of enterprises were created. In the next years there is a noticeable fall in the number of registered companies, although in the past five years (2005-2009) the ratio of emerging companies has again a rising trend – in the Poviat of Pyrzycki there were registered 13% of the currently functioning companies. Keeping in mind that presented data does not show the absolute increment of the number of companies – at the same time a number of companies closed down. In principle it should be noted that the companies existing in the Poviat are those which have already had some experience (they are on the market for over 8 years) – also during low market downturn.

Fig. 2. The year of founding a company

Source: *Own research.*

With regard to the companies in the Poviat, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 76.1% of all companies investigated, then come small companies – 13.0% and the medium – 4.3%. Large companies were represented by 6.5%. Next, regarding the type of activities, single enterprises prevail – 76.1% and the remaining 23.9% goes to co-partnership companies (of which 13% limited liability partnerships, 2.2% of civil associations, 2.2% – particular partnerships and 2.2% – cooperatives and 4.3% – associations). So significant predominance of single firms may indicate a trend of

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changes on the local labour market – from employment, towards self-employment. Undertaking a business activity by individuals not having a legal personality enables relatively quick adapting to local and regional market conditions, and it requires relatively low start-up recourses and allows the owner to achieve the whole profit, while taking the total liability for the functioning of the enterprise.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies from services-manufacturing and agricultural markets. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of Pyrzycki are as follows:

- commercial sector – 30.4%
- service sector – 28.3%
- industrial processing sector – 13%
- transport, storing, communication sector – 4.3%
- companies in financial intermediation – 4.3%
- agriculture, hunting and forestry sectors – 4.3%
- construction sector – 4.3%
- real estate sector, renting and business services – 2.2%
- educational sector – 2.2%
- companies producing and/or supplying media (gas, water, electricity) – 2.2%
- health services and social assistance – 2.2%
- hotels and restaurants sector – 2.2%

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows the dominance of people with university education – people with such education were hired by 26.2% of the respondents. The recruitment of people with secondary education – 37.7% and vocational education – 23%. Additionally 9.8% of the companies employ workers with primary education and 3.3% of the respondents didn't answer this question.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Pyrzycki in 2008 in the case of 23.9% of companies the employment declined, then slightly increased in 6.5% but in 69.6% of the surveyed companies there was no personnel traffic.

The main causes of the reduction in the number of workers were:

- the issues of external problem with
  - the disposal of products and services – 38.5%,
  - crisis – 7.7%

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- internal issues:
  - dismissing employees on their own request – 30.8%
  - the lack of workers' diligence – 15.4%.
  - unprofitability of the production and sales – 7.7%

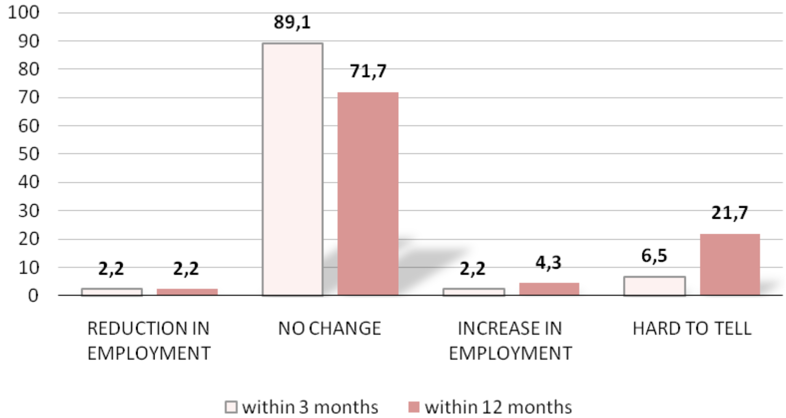
In turn, the increase of employment in the company was due to the increasing demand for the products or services – 33.3% or the extension of the scope of their activities – 33.3%. In addition, 33.3% of the respondents have difficulty identifying the reasons which led to an increase in employment.

These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, in addition, in the Poviat of Pyrzycki, there are natural factors explaining personnel traffic in companies (retirement, dismissing employees on their own request). It is worth stressing that a large personnel fluctuation is not a favourable factor to business efficiency and indeed has negative consequences for companies.

The declarative dynamism in employment within the next three months, and the nearest year is optimistic because only 2.2% of the surveyed plan to reduce the number of employees. A small differentiation relates to keeping stable employment, with respect to 3 months it is 89.1% and in respect to 12 months less – 71.7%. A similar number of responses was given also to the projected employment growth, as for the next 3 months 2.2% of the respondents hoped for increasing levels of employment, in regard to 12 months the number of indications is 4.3%.

In addition, remarkably, there is an increasing ratio of those who cannot predict the dynamism in employment: for three months – just 6.5%, while in respect of 12 months up to 21.7%. This is certainly an effect of persistent economic difficulties in the country where the dynamism of changes is so large that it prevents clear predictions (fig. 3).

Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates (fig.4) The reduction in employment is expected only in one firm in section O – Services and activities like: municipal, social, individual and other. A waiting attitude is dominant among the respondents, which manifests in their: 'hard

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to tell' and 'no change in employment' answers. However, it should be noted that there is a balance between the companies which expected a future increase in employment and those expressing an opposite view. The biggest group expecting the growth in employment came from sections: G – wholesale and retail trade; repair of vehicles, motorcycles, and personal and household goods.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)

Source: *Own research.*

The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the Poviat of Gryfiński the biggest demand was for only one profession: machinery operators and assemblers. Depending on the wanted specialties, professional qualifications employees should have: secondary technical education and preferably compatible with the profile of the company – 50% and the required workers should have special courses preparing for the job – 50%.

Obviously, seeking new employees may be done internally (the so-called internal recruitment) and by external recruitment (seeking employees on an external labour market). With regard to the Poviat of Pyrzycki the analysis refers to external recruitment process. The firms looking for employees use mainly passive forms of finding workers – using Work Centre (UP) (15.4%), using advertisements in the press or Internet (17%), persons concerned come to company themselves (10.8%), they were recommended by others (15.4%). The remaining group – 41.5% did not seek workers.

The company's development potential – the company's remuneration system, improving competencies, and the state of equipment.

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this is the so called sensitive variable, which is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. With regard to the Poviat of Pyrzycki over 34.8% of respondents refused to answer. However, the obtained responses suggest that the salaries during the past and current years

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were given some level of dynamism. In 2008 the salaries increased in 23.9% cases, in 2009 the number has been 4.3% of the surveyed. In the context of the economic crisis, a strongly positive fact is the declaration to leave salary levels unchanged: in 2008 – 39.1% of the respondents froze the salary, but with regard to 2009 such intention was declared by as many as 56.5% of the respondents (tab. 8).

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	23,9	4,3
Were reduced	2,2	4,3
Unchanged	39,1	56,5
Refusal to answer	34,8	34,8

Source: *Own research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human resources management. It is of course a cost-generating item, but in the long term enhances business. In the Poviat of Pyrzycki a worrying signal is that up to 69.6% of the surveyed companies do not use this type of solutions. The remaining declare using training but taking into account only essential training: safety at work place training, accounting, finance, marketing, the handling of machinery and equipment, sales and customer services, management, heavy machinery operator, quality management, etc.

The above list indicates that companies protect the interest of the workplace sending their employees to participate in the training, not necessarily invest in human capital. The situation in which companies do not invest in human resources, they do not strengthen intellectual capital so in the long term it always has to result in a lowering of development potential. However, the current state may be a consequence of the current economic crisis and the drastic finding savings by companies.

Today, in the time of technology development, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. Used in enterprises technologies determine the potential of the companies of the Poviat of Pyrzycki as follows: 30.4% of companies use modern technological lines purchased in 2008/2009, 28.3% within the last five years, in 15.2% of companies use technological lines purchased before 2004.

In terms of modern technology procurement, the data are as follows:

- machines and modern devices – purchased in 2008/2009 – 30.4% of companies,
- machinery and equipment used from 3 to 6 years – 32.6% of companies,
- machinery and equipment used from 7 to 10 years – 19.6% of companies,
- machinery and equipment used for over ten years – 6.5% of companies.

From the presented data emerges a picture of companies that barely keep pace with the challenges of the market, by adjusting their solutions to modern requirements. However, the fact that up to 26.1% of the respondents were not being able to determine the applicable company

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technology and 10.9% of respondents could not specify the technological state of the machinery used in their company raises the concern that they did not want to admit to using in their companies outdated and old solutions which are generally disapproved of. This category cannot be firmly associated with the companies using the machinery and equipment older than 10 years. However, it can be assumed that a significant proportion of it has just such companies.

B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Pyrzycki the choice of location for their activity was determined by:

- the residence of the owner – 45.3%
- the opinion that the Poviat of Pyrzycki is a good location – 19.8%
- the availability of markets – 11.6%
- the availability of labour – 9.3%
- the matter of chance – 9.3%
- the availability of supply – 4,7%

The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market.

The presented data show that companies in the Poviat of Pyrzycki seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality – the strategy for building a quality advantage (fig. 5).

Some issue emerging from the answers of the surveyed was the inability to define the notion of competitive edge of a company (9.5%), even if this inability was displayed by employees, it is worrying that they do not have the knowledge of key topics for the company and its further development – as indeed gaining a competitive edge in some field allows the company to strengthen its position.

It is worth indicating that to maintain the competitive advantages obtained, there should be taken some measures seeking also to strengthen the price and information advantages, which to some extent lacked among the investigated companies. Most of the surveyed companies estimate their level of competitiveness as that of a local scale – 69.2%. In the opinion of the respondents there are 13.5% of companies with competitiveness on the voivodship level, 3.8% on a national scale, and 5.8 on the European Union scale. The remaining 5.8% cannot answer this question, or think that they are not competitive at all – 1.9%.

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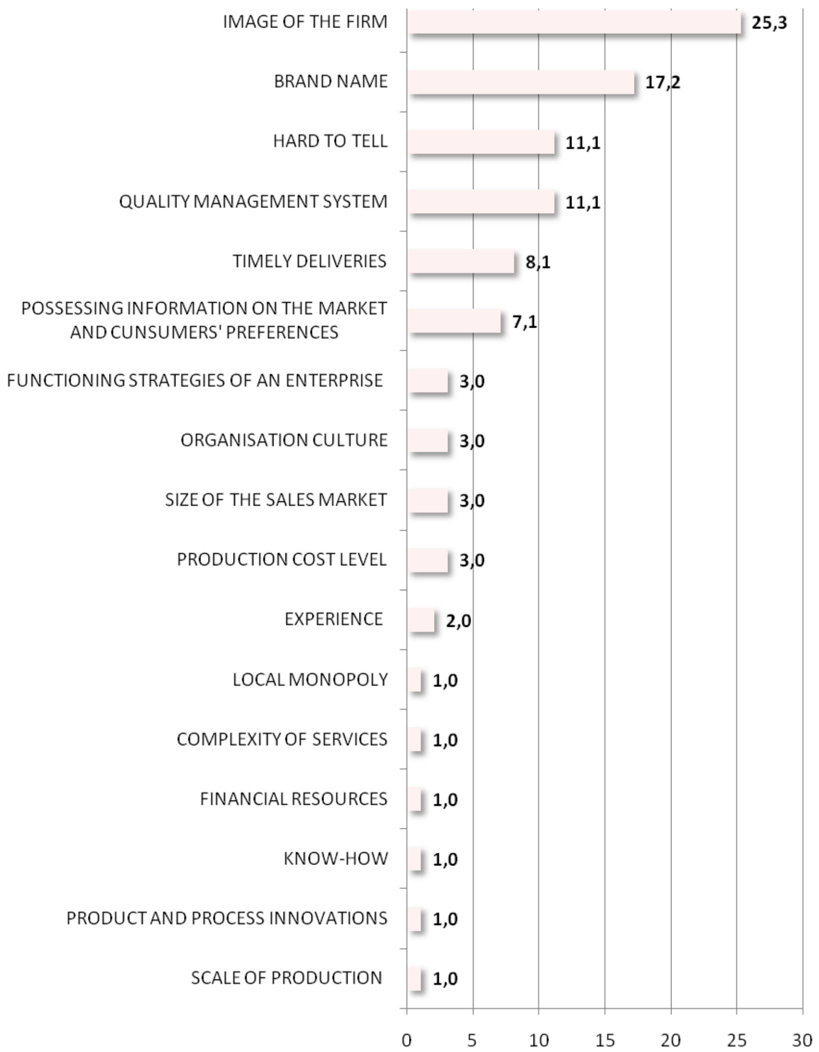
According to the respondents their main competitors are other local firms – 84.8% of indications, companies from Western Europe are seen as potential competitors by 2.2% of surveyed, non-European firms – in 2.2% of the cases. The remaining respondents (2.2%) could not answer this question, while 8.7% of the surveyed never suffer pressure from the competition.

Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses. 19% of the surveyed companies declare that they encounter no problems in activities; however, the remaining 81% of the respondents are experiencing crisis or cumbersome situations.

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Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- heavy bureaucracy – 16.7%
- uncertainty of the overall economic situation – 14.3%
- strong domestic and foreign competition – 10.7%
- inadequate domestic demand – 10.7%
- high load on the State budget – 6.0%;
- unclear and inconsistent legislation – 4.8%,
- no concept of development for cities/municipalities – 4.8%
- a poorly developed technical infrastructure – 3.6%
- large distance from the outlets and supply – 2.4%
- insufficient foreign market demand – 2.4%
- the development of 'grey market' – 1.2%

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications)

- difficulties in accessing funds necessary to operate – 2.4%
- insolvency of clients – 1.2%

The most serious complication of the surveyed companies is learning the functioning in the economy market conditions, where the norm is experiencing strong competition mechanisms, the pressure and the need to take risks. Note the opinion of the respondents to the importance of constraints on their operation causes by the functioning of public institutions – they felt particularly affected by the heavy bureaucracy and high taxation of the State. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, with the frequent problems created by the State and its institutions.

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. In the Poviat, the main practice in these situations are: reducing investment expenditure – 13.4%, or in general cessation of investment – 9.0%, the re-organisation of the establishment – 9.0%, reducing the level of employment – 10.4%; the reduction in wages – 3.0%, sending employees to payless vacations – 4.5% and lowering the price of products – 1.5%.

This means that to a great extent, the reaction to crises is restricting some aspect of business activity, which is a passive strategy. No active remedy methods were mentioned. It is always good to recommend active strategies, which to some extent secure against the effects of a volatile economic environment. Not taking any concrete action in a crisis is also unfavourable phenomenon – and such passivity is owned up to by as many as 28.4% of the surveyed. In addition 16.4% of the surveyed cannot completely define the way of tackling difficult situations, namely 44.8% of the surveyed knowingly or unknowingly apply a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 52.2% of the surveyed conclude that the situation of the company during the last 6 months has not changed, and 8.7%

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say that it has clearly improved. However, the opposite opinion was voiced by 39.2% of the surveyed which is a relatively large group. 2%of the respondents couldn't answer this question. It is clear that the assessment of the socio-economic conditions depends on one's own subjective business experience.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for the item and service – 60.9 %
- increase in prices of materials and raw materials – 17.4%
- the change of the euro/zloty rate – 4.3%
- crisis – 4.3%
- the development of 'grey market' – 4.3%
- delays in payment – 4.3%
- hard to tell – 4.3%

As for the factors benefiting the situation of the company the respondents mentioned the demand for goods and services – 100%.

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

It is generally known that the companies function in a particular external environment – a socio-economic surrounding, whose quality affects the functioning of companies. In this regard by the most of the surveyed – 56.5% – the economic situation in the region during the last 6 months has not changed, by 41.3% – deteriorated and only by 2.2% of the surveyed it improved. As has already been mentioned such a diversity of opinion certainly comes from the subjective experience in the market. If a company prospers effectively, this propensity to positive environment in which it operates is greater (and vice versa).

Respondents forecast how the economic situation in Zachodniopomorskie Voivodship will change over the next 6 months. The results allow moderate optimism, negative scenarios predicting a deteriorating economic situation in Zachodniopomorskie voivodship were expressed by 19.6%, and 39.1% thought that the situation in the projected period would not change, 13% of the surveyed believes that it will improve, at the same time a large group of the respondents – 28.3% have difficulties in outlining future prospects.

Academically interesting is the attempt to observe the pace of changes in demand for services/products offered by the company in respect to the same period last year. The increase in the level of demand was mentioned by 20.0% of the surveyed, and the reduction by 42.2%, and the most numerous group cannot see any changes in the volume of demand – 35.6%. The remaining 2.2% of the respondents did not know how to estimate the changes in the context of the past year.

The respondents were forecasting the changes in demand for services/products offered by the company in respect to the same period next year. The obtained distribution of variables points to the change of the situation, the increased percentage of those who cannot predict what kind of changes will affect the demand – up to 29.5% of respondents, a relatively large group

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(45.5%) thinks that the demand will not be changed, the number of optimists in that matter is 20.5%, while pessimists have significantly dwindled to only 4.5% of indications. It should be noted that so high indicator in the last group, the number of persons who are not able to estimate the changes in the volume of demand (29.5%) leads to a conclusion that the situation on the market is so dynamically variable that respondents are not in a position to describe changes even in a relatively short period of the upcoming year.

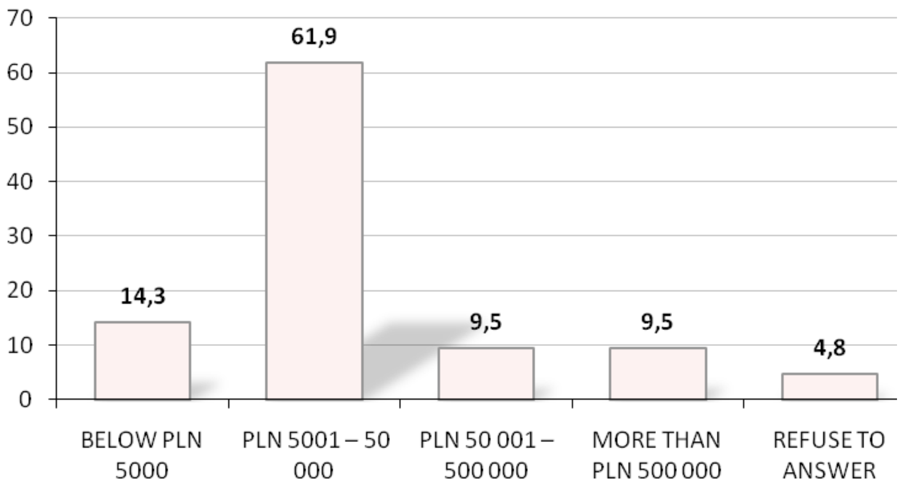
One of the major factors determining the development potential of companies is the level of investment. Obviously, in order to strengthen its position in the market, be ahead of competition, a company must take pro-development actions, and one of these types of action are investments. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and in relation to local or regional development. The benefits of adequately realised investments are obvious and usually mean strengthening the position of the company in the market. No investment always results in stagnation and losing the market.

The primary (but not the only) way to invest is to increase the resources of tangible fixed assets of the company. In this regard companies of the Poviat of Pyrzycki are on an unsatisfactory level, in 43.9% of the surveyed companies there were no investments at all, but the companies of the Poviat of Pyrzycki which do invest usually choose the following goods – ranked by the multiplicity of indications:

- equipment (furniture, appliances) – 29.8%,
- vehicles – 12.3%,
- buildings, land – 14.0%.

Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6).

Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009.



Source: *Own research.*

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About 14.3% of the respondents pointed out that the expenses incurred were below PLN 5 000; 61.9% of the surveyed pointed invested in the company development from PLN 5 000 to PLN 50 000; 9.5% of the surveyed companies within the last 6 months invested in the development of their company from PLN 50 000 to PLN 500 000 and expenditure of more than PLN 500 000 were experienced only by 9.5% of the companies, 4.8% of the respondents refused to answer this question. No doubt, this suggests a small scale of a business and its branch specificity – small firms from services market usually do not require costly equipment.

The respondents also forecast possible investments in the course of the next six months. The resulting data are worrisome, because 50% of the surveyed companies will not plan over the next six months to incur expenditure for the purchase, lease (leasing) or refurbishment of the vehicle(s), equipment or immovable property, while 30.4% of the surveyed declares such intentions, and 19.6% cannot answer this question. If entrepreneurs understand the importance of investment, then the lack of investments of this type will inevitably lead to the inability of increasing already existing fixed assets of the company.

On the basis of subjective experience respondents also made a forecast for the situation regarding their own company for the next 3 years.

- it will be better than today 31.1%
- the situation of the company will be similar to the present 11.1%
- the company will fail in liquidation 4.4%
- hard to tell 53.3%

A worrying signal emerging from the analysis of the compiled data is the significant number of enterprises (53.3%) which are not in a position to evaluate their own development in relation to the relatively near future. Their presence on the market and self-awareness of development become doubtful.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel.

Partnerships and networking economic links among enterprises should be included to the external growth strategy, and what regards its duration and dimension, it can be in the form of short or long-term cooperation and it may be developed to a different extent.

In this regard the companies of the Poviat of Pyrzycki compare rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. The overwhelming majority – 82.0% of the surveyed companies do not co-operate with other entities. In respect of the remaining 18.0% of the companies that undertake to cooperate with other firms, they do it with: consultancy companies – 4.0%, self-governing units – 4.0%, educational institutions – 4.0%, business incubators – 2.0%, NGOs – 2.0% and companies operating in the region – 2.0%.

Another important issue is applying by entrepreneurs different forms of cooperation with companies in the region. The overwhelming majority of the surveyed companies – 97.7% do not co-operate with other entities the remaining 2.3% of firms cooperating with other companies do it in the form of joint venture.

The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition.

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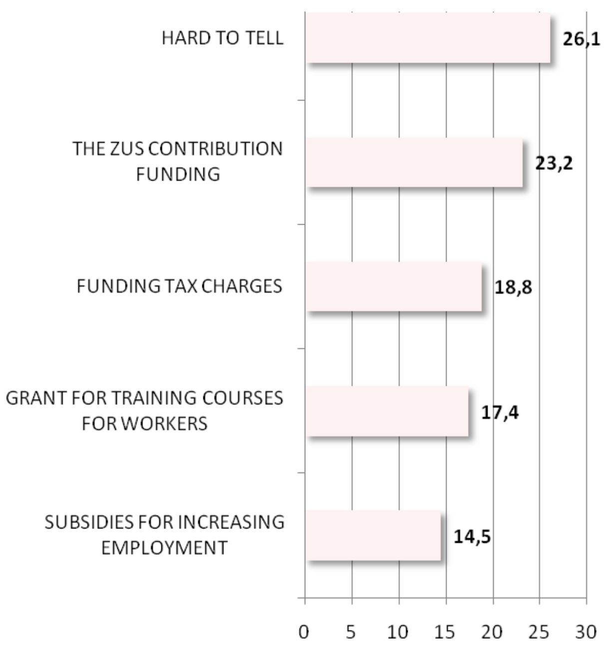
Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to the low use of support from public institutions. The most – 68.1% of the respondents declare that they do not use any available forms of support, the remaining 31.9% of companies benefited from: the increase of employment in the company – 17.0%, on training and courses for employees – 2.1%, tax levy funding – 2.1%, funding the social security contribution – 2.1%, funding for setting up a business – 4.3% and funds for farmers – 2.1%, at the same time 2.1% of the surveyed not being able to answer this question.

As these data relate to the three previous years, their negative values are especially worrying. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. A partial answer to this question is the statement that 26.1% of the surveyed cannot indicate any form of support from the units of local self-government, which could help the company's activities. Among the respondents who preferred some forms of support, the most important are the following: funding the ZUS contribution (23.2%), funding tax charges (18.8%), grants for training courses for workers (17.4%) and subsidies to increase employment (14.5%) (fig. 7).

Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

The extent of economic exchange

The economic exchange in the EU takes place on a common internal market, which, firstly, covers the entire EU territory and, secondly, is based on the principle of the four

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freedoms: the movement of goods, persons, services and capital. You can therefore conclude that analyzed districts participate in this area on the principles of free competition.

Economic exchange conducted by members of the trade in the discussed Poviat is limited spacewise – 80.4% of the surveyed companies did not have any international exchange experience, 6.5% of them had some goods or services export experience, 2.2% of them had goods or services import experience, and 10.9% export-import of goods or services. The few companies which do export their products sent them mainly to: Germany (45.5%) and other UE countries and France.

The forecasts for export volumes in the context of the next six months are rather optimistic by 12.5% of the surveyed – the export level will increase during this period, while the opposite view is also held by 37.5%, 12.5% of surveyed think that exports remain unchanged. 37.5% of the respondents cannot predict the trends in export.

Innovation in enterprises

As already mentioned the competitiveness of enterprises is determined by many factors of the external and internal nature. The first group of factors includes such as: State policy and the condition of the available infrastructure, to other group includes the internal factors, e.g.: the type of management, held capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is exceptionally merit-type of a factor for development, since it determines not only the pace and directions for economic development on an individual scale, but on a local, a regional and an international scales as well.

The innovation rate in business in the area of the Poviat of Pyrzycki is very low, because only 13% of companies declare that in the period of 2007-2009 they applied some innovations, the remaining 87% did not take any innovative actions. In respect of the companies which applied some form of innovation, the source of their innovation was: (listed due to the declining number of indications):

- purchase technology – 71.4%
- purchase of licenses – 14.3%
- introducing innovation by partner/ co-owner – 14.3%

These data indicate low own potential of companies. However, what is worth noting is that the most common choice made by the companies in the Poviat of Pyrzycki, ethical, though financially expensive, is the purchase of technology.

The respondents also defined obstacles they experienced in implementing innovative solutions. The main reason for applying innovation on such a small scale is the inability to finance innovative businesses – 26.1% of answers and too large risks associated with the implementation of innovation – 10.9%, additional reasons are: the lack of potential interest in new products/services from client – 8.7% and the lack of needs of innovation – 10.9%. Unfortunately, up to 43.5% of the surveyed were unable to diagnose the reasons for which innovation was hampered or impossible.

Activating entrepreneurs of the Poviat in question has more chances of success, in the context of co-operation with other entities for taking innovative actions. Noticeably, the pace of growth of innovation and new technologies in an enterprise and a region are determined, among others, by the volume of institutional funding on research, development and innovation.

Unfortunately, in this regard, over half of the surveyed – 52.9% doesn't have any expectations and 27.5% cannot answer this question. And therefore until 80.4% of all

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respondents of the Poviat of Pyrzycki has no knowledge of elemental on the role of cooperation with other entities in the field of innovation. Answers other imagined (19.6%) as follows: most indications obtained creation programmes to promote technological development at the level of municipalities – 11.8%; then indicated the need to build a system of information on technological companies showed 5.9%, and institutional infrastructure development in the field of brokering and transfer of technology – 2.0%.

These data indicate a lack of knowledge about the role and importance of innovation, which suggests some economic underdevelopment of this Poviat.

It is additionally noted that among the surveyed companies, there are units which are difficult to recognize as fully equipped to operate in a modern society. In highly developed economies (80.4%) using the Internet is a standard, but it is still not met by 19.6% of the companies of The Poviat of Pyrzycki – they do not have their own website, nor do they enjoy various types of search engines and Web browsers or e-mail.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The picture which emerges from the analysis of the situation is pessimistic. Unfortunately, 83% of the surveyed companies in The Poviat of Pyrzycki have never used EU structural funds. The remainder (only 17%) admits to having used the funds primarily for: the development of internal infrastructure – 4.3%, increasing employment – 8.5%, purchase of land and real estate – 2.1%, grants for farmers – 2.1%.

The presented level of the use of funds stems from the lack of interest in this type of support –40.4% of respondents do not want to benefit from EU structural funds. But it is worth noting, that over half of the respondents (51.1%) indicated that they are interested in obtaining support from EU funds. The main obstacles in the implementation of the objectives are: 4.3% of cases no clear and comprehensive information and in 4.3% of cases the lack of money. The entrepreneurs who did use EU grants defined the barriers limiting their effective gaining the resources (the following factors are organized by declining importance):

- bureaucracy and ambiguity of EU request forms – 31.9%
- limited access to information about programs – 10.1%,
- cost of preparing applications – 8.7%
- short term preparation – 7.2%,
- the necessity of own contribution – 7.2%,
- the lack of time – 1.4%
- the lack of competent officials – 1.4%
- the lack of adequate programmes for a given branch – 1.4%
- hard to tell – 7.2%.

As shown above, the previous experience of the entrepreneurs in the Poviat of Pyrzycki with applying and using EU structural funds is not very positive. A significant proportion of the companies, indeed, have no experience in this respect. However, they do not seem to be

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building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of Pyrzycki in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the district, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

- the slow decline of population caused by the drainage of population from the Poviat;
- changes in the population age structure – permanently decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over
- the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

- the increment of the rate of the number of working for 1000 people (but lower than in other poviats)
- the growth in average monthly gross salaries, but still low
- a systematic decline in the number of unemployed people, however, the unemployment rate in 2008 ranked the Poviat on the 13-th place in the voivodship,
- the deficit jobs in 2008 in the Poviat of Pyrzycki were only found in such big professional groups as: vocational teachers and instructors, teachers, office support staff, extractive and processing machinery operators, supportive workers in trade and services, mining, industry and construction auxiliary workers. There was a balance in the group of money market and customer service. The highest values of the surplus intensity rate were found in such professional groups as: fine mechanics, ceramics and printing, farmers and fishermen working for their own needs and foresters and fishermen. In comparison to 2004 the average surplus intensity rate decreased, which means a deterioration of the unemployed on the job market.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential. However, there were clear indications of the economic upturn, evident from the analysed economic indicators like: the growth in the number of economic subjects, including commercial companies which are so important for the economic development, the increase of the industrial production sold and the increase of the Poviat's participation in creating administrative value sold, but also signals of the braking of development,

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which evidence can be the the low level of gross fixed assets per capita (19-th), the lowest level of investments in companies in the voivodship and the decrease of them in comparison to 2004.

Another conclusion from this analysis is that the development of entrepreneurship in the Poviat will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The based on our own research characterics of firms in the Poviat allows to show some features of this group. The surveyed firms are mainly involved in services realized through commercial activity. The commonest are microenterprises, registered in the form of a natural person establishments. A significant proportion of the structure of the surveyed companies have enterprises with previous experience in business, which are present in the market for over 8 years.

The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail. In the past period job reductions prevailed, and the current expectations for the future are rather neutral – the number of firms expecting a rise and a fall in employment is similar. Additionally the expectations of respondents with regard to the qualifications of workers are not high, most vacancies are for unskilled labour.

Considering the respondents' answers, it can be concluded that business activity is hampered by both market factors (strong competition, limited demand) and administrative factors (high load on the State budget, too heavy bureaucracy) and positive examples of the support obtained from public institutions were rare. From the voices coming from representatives of companies it is clear that for most of them the State (and its different agencies) does not have any interesting forms(or at least it is not known) of supporting business enterprising. Generally the company's focus is primarily on consolidating its place on the market, and the co-operation and partnership with other enterprises or public institutions are rare occurrences.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is almost the lack of innovative solutions used in businesses.

It should be noted that the situation of companies and their prospects for development should not be seen solely in the context of economic considerations. When planning activities whose purpose is to support the development of the economy, you must also take account of social phenomena. It seems that the key problem areas include: the relationship of employers with their employees, as well as with public institutions, and the business environment. It seems to be advocating some action aiming at changing the mindset, the mentality of many entrepreneurs and executives – also in relation to practical aspects of running a business, management, strategic planning, etc. It is also noted that there should be some breakthrough in antagonisms occurring now between the main actors on an economic stage (e.g. entrepreneur-workers, entrepreneurs-officials, entrepreneurs-banks).

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate to much different rules from those of small and medium companies;
2) a series of institutional and procedural barriers need removing in the process of setting up and running a business both at national and local levels;

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3) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
4) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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6. The Poviat of Stargardzki

Introduction

Territorial Division

The Poviat of Stargardzki is situated in the central part of the Zachodniopomorskie Voivodship. It borders with the neighbourig Poviats: Choszczeński, Drawski, Goleniowski, Gryfiński, Łobeski, Myśliborski, Pyrzycki and the city of Szczecin. In 2008 it covers the area of 1520 sq km, which accounts for 6.6% of the area of the whole voivodship, and has the population of 119.2 thousand which is 7.0% of the total voivodship population. With these figures the Poviat of Drawski ranks on the 5-th and 2-nd place in the voivodship.

The Poviat consists of ten communes: an urban Stargard Szczeciński commune, urban-rural Chociwel, Dobrzany, Ińsko and Suchań communes and rural Dolice, Kobylanka, Marianowo, Stara Dąbrowa and Stargard Szczeciński communes. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 95.5% and put this Poviat on the 14-th place in the voivodship (together with the Poviat of Drawski). Consequently, the urban area ratio was on the level of 4.5% which meant the 4-th place in the voivodship (together with the Poviat of Drawski).

In the whole Poviat there are 191 towns and villages with the proportion of 186 villages and only 5 towns: Chociwel, Dobrzany, Ińsko, Stargard Szczeciński and Suchań. Stargard Szczeciński is the capital of the Poviat.

Fig. 1. Administrative borders of the Poviat of Stargardzki
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect

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to all entrepreneurs taking part in the research. In the analysed population, the gender regression is somewhat asymmetrical: 57.2% of men and 42.8% of women. The shape of the next variable, age, is fairly even – main categories gained a similar number of choices – people aged between 26 and 35 years – 22.5%; the next group is the respondents aged 36 to 45 years – 18.1%; people aged between 46 and 55 lat – 29.0% and between 56 and 65 – 16.7%. With regard to education the respondents have university education – 44.9%; secondary education 39.9%; vocational education 13.8% and primary education 1.4%. The last variable is the job or post they hold. Thus there were 64.5% of firm owners, chief accountants – 4.3%, HR workers 3.6% and 21.0% of people responsible for talks in the company.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 the Poviat of Stargardzki population slightly decreased by 0.5%. According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

The Poviat of Stargardzki belongs to the densely enough populated areas, the average population density rate in 2008 was 78 people per 1 sq km (by comparison the rate for the voivodship was 74) and since 2004 it has been on the similar level.

In 2008 the Poviat of Stargardzki all city population was 79.2 thousand people, which in turn determined the urban demographic rate on the level of 66.4%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, the Poviat of Stargardzki seems to be a region of strong urban demographic rate, which is a positive factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rates, the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in the Poviat of Stargardzki in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	119880	119393	119248
Urban demographic rate	67.0	66.7	66.4
Rural demographic rate	33.0	33.3	33.6
Population density per 1 km^2	79	79	78

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological age groups (0-14, 15-64, and 65-plus). This division shows the degree of

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demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 2.2 thousand, and its general ratio to the total population of the region fell from 17.6% to 15.8%. In the next age group, i.e. age 15-64, there was an increase from 85.6 thousand to 86.9 thousand in the respective years. However, the ratio of this group to the total population increased from 71.4% to 72.9%. The last age group population, i.e. age 65-plus increased by 1.9% and its ratio to the total population went up from 11.0% to 11.3%. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Poviat of Stargardzki the percentage of people in the pre-productive age group was 20.0% (in the voivodship – 19.1%), in the productive age group – 66.2% (65.9% in the voivodship) and in the post-productive age group – 13.8% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 1.2%) and post-productive age group (by 1.1%), and a simultaneous decrease in the pre-productive age group (by 2.2%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in The Poviat of Stargardzki 1.3 thousand new children were born, which accounted for a 14.9% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 11.2 live births (10.8 in the voivodship) and only 9.7 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in a given area. In the years 2004-2008 in the Poviat in question there was an increase of the death rate by 15.0%. For each 1000 inhabitants in 2008 there were 9.2 deaths (9.7 in the voivodship), and only 8.0 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in The Poviat of Stargardzki in all the years in question amounted to over 50%.

The population growth, based on the number of live births and the number of deaths in the Poviat of Stargardzki in 2008 was positive (237 people) and compared to that from 2004 had increased. After conversion for each 1000 people, the growth ratio was on the level of 2.0 (1.1 in the voivodship), whereas in 2004 – 1.7.

Tab. 2. Natural migration of people in the Poviat of Stargardzki in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	9.7	9.7	11.2
Total death rate for 1000 people	8.0	8.5	9.2
Natural growth rate for 1000 people	1.7	1.2	2.0

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will

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have a significant influence on the size and the structure of a population. In the Poviat of Stargardzki in 2008 the total migration rate was negative and amounted to -150 people, which was caused by the outflow of people to other Poviats in the voivodship or going abroad. For each 1000 people in the Poviat the migration rate was negative (-1.3 people), and was higher than in the voivodship (- 0.8 people).

The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Poviat of Stargardzki in 2007 there were 17.8 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by 5.5%. In the analysed period there was a significantly bigger increase in the employment of women (by 5.9%).

For each 1000 people in 2007 there were 149 people employed in the firms with nine and more workers, which ranked the Poviat on the 13-th place in the voivodship (with the average rate for the Zachodniopomorskie Voivodship 193 employed in nine-plus firms for each 1000 people). The analysis of the employment rate shows its growth compared to 2004 (but slightly on a lower than in the voivodship).

Tab. 3. Workers and salary in the Poviat of Stargardzki in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	16839	17164	17766	105,5
men	8225	8354	8645	105,1
women	8614	8810	9121	105,9
Workers together with individual agriculture	19478	19803	20405	104,8
in% of the agricultural sector	20,2	20,1	19,5	96,5
industrial	28,8	28,6	29,6	102,8
supporting	51,0	51,3	51,0	99,8
Average monthly gross salary of PLN	2013,39	2130,66	2322,96	115,4

Source: *Own analysis based on the data from the Central Statistical Office.*

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The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Poviat of Stargardzki in 2007 the number of people employed was 20.4 thousand. The employment structure sorted by economic sectors shows that 19.5% of the employed worked in agriculture (11.8% in the voivodship), 29.6% in industry and 51.0% in services. Since 2004 the employment in the industry sector slightly increased, and it did so at the expense of the service sector (a smaller drop) and agriculture (a bigger drop).

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was PLN 2322.96 and it was more than in 2004 by 15.4% (in the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by about PLN 293.00). With respect to the pay rate, the Poviat was on the 10-th place.

In The Poviat of Stargardzki, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 5242 people unemployed (in which women made 62.2%). Since the beginning of the analysed period the number of unemployed dropped by 60.3% (only 54.8% in the voivodship), and the drop referred mainly to male workers. 40.7% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the increase – the percentage of unemployed people living in villages was higher than in 2004.

The registered unemployment rate in the Poviat in 2008 was 14.9% (with the average for the voivodship 13.4%) and it gave the Poviat the 7-th place among the areas with their lower value. By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a slight decrease of the unemployed not entitled to state welfare money (by 7.3%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still big – in 2008 it was 78.7% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 3.6%) and a slight one of people aged below 25, and decrease in the remaining age groups (the largest for the unemployed aged 35-44 years). There were also more unemployed people with general secondary education, university education, post-secondary education and secondary vocational education, and fewer unemployed with gymnasium and lower education and with vocational education.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and job offers made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in the Poviat of Stargardzki were only found in such big professional groups as: office support staff, teachers, employees at work in trade and services and executives of big organizations. There was a balance in the case of the following groups: vocational teachers and instructors and machinery operators and assemblers. The highest surplus went to such groups as: auxiliary workers In agriculture, farmers and fishermen working for their own needs: and farmers, gardeners, foresters and market oriented fishermen. In

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comparison to 2004 the average surplus intensity rate hardly increased, which means only a small improvement for the unemployed on the job market.

Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In the Poviat of Stargardzki in 2008 in the REGON register there were 11.8 thousand firms and businesses which accounted for only 5.5% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 9.6% (whereas in the voivodship 5.5%). From among all businesses operating in the area in 2008 over 96.0% came from the private sector.

Considering the competitiveness of the Poviat of Stargardzki with regard to the business saturation, it only ranks on the 15-th place in the voivodship. On average, the Poviat has 98.7 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Stargardzki is a weakly developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Poviat of Stargardzki in 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
All economic subjects	10737	11292	11769
for 1000 people	89.6	94.6	98.7
by economic sectors in %: agriculture	2.8	3.0	2.9
industry	23.2	25.2	26.9
services	73.9	71.9	70.2

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 95.0% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 3.3%, and average businesses only 0.8%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro and small businesses in the Poviat increased, and that of average businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat was represented by natural persons running their own businesses (78.4%), with the next place going to trade companies with 4.6% associations and social organisations with 1.6%, co-operatives with 0.4%, and foundations with 0.1%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 45.9 trading companies for 10000 people in the Poviat, giving it the 10-th place in the voivodship together with the Poviat of Pyrzycki. Compared to 2004, the number increased by 22.4%. By the same token, the saturation of

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a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 194 such companies in the region, which, when set against 10000 people, gave 16.3 units. Companies with foreign capital accounted for 35.5% of all trading companies in the Poviat, and their number compared to 2004 increased by 15.5%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Poviat of Stargardzki the firms from the service sector were the most numerous with the number of 8.3 thousand they accounted for 70.2% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 62.1% of all businesses in the Poviat, and non-market services by 8.1% of firms. The percentage of firms from the industrial sector was over 26.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails, on average, more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.3 thousand, which was only 2.9% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that nearly 60.0% of the firms in the region in 2008 came from four sectors: trading and repairing, services for housing and firms, and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[19]

In 2008 in the Poviat of Stargardzki REGON register 1.4 thousand new firms were registered, which gave 11.7 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: building 28.6%, trade and repairing sector 18.4%, services for housing and firms 12.3% what is the trend commonly observed in recent years throughout the country.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Stargardzki in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	967	1296	1394
for 1000 people	8.1	10.9	11.7
All checked out firms	1002	924	1026
for 1000 people	8.4	7.7	8.6

Source: *Own analysis based on the data from the Central Statistical Office.*

[19] *The Report on the condition of small and average firms in Poland in 2006-2007.* Prepared by Polish Business Development Agency, Warsaw 2007.

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In 2008 in the Poviat of Stargardzki 1.0 thousand firms were crossed out from the register. For 1000 people it gave 8.6 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, buildings and industrial processing. However, it should be stressed that more firms were registered than checked out.

Using the shift-share analysis, the level of competitiveness of the Poviat of Stargardzki can be assessed. The level is referenced to the Zachodniopomorskie Voivodship with respect to the number of national economy subjects according to the PKD classification code. Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the construction sector (F). The level of competitiveness of the area (KO) illustrating the differences between the growth rate in the Poviat in comparison to the voivodship is high, and a positive value indicates a high competitiveness of the Poviat. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the Poviat of Stargardzki in 2007 it was worth PLN 518.9 million and it was 2.3% of the total production sold in the voivodship. Compared to 2004 there was an increase in the production sold in the Poviat by PLN 16.4 million, and thereby the Poviat's contribution to the production sold in the voivodship also increased.

The industrial production sold for one person in the Poviat was in 2007 PLN 4348.00 (with the average for the voivodship PLN 13447.00). That gave the Poviat the 17-th place in the Zachodniopomorskie Voivodship. The leading areas in industrial activity were the following Poviats: Goleniowski, Policki and Szczecinecki.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 persons in the Poviat of Stargardzki in 2007 amounted to PLN 203.4 million and were higher than those incurred in 2004 by 99.6%.

The highest expenditures were incurred in the industrial sector and in services (primarily in the market services), then in agricultural sector. Since 2004 the expenditure incurred in the agriculture and industrial sector increased, while in services – decreased. The volume of investments per capita equals to PLN 1705.00, and was lower than the average in the province and put Stargardzki on the 10-th place among other Poviats of the Zachodniopomorskie Voivodship.

Tab. 6. Investment and gross fixed assets in the Poviat of Stargardzki in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	101.9	121.5	203.4	199.6
in % agricultural sector:	10.6	31.9	16.6	156.6
industrial	52.1	43.4	58.4	112.1
market services	37.1	24.0	23.2	62.5
non-market services	0.2	0.7	1.8	900.0
per capita in PLN	850	1018	1705	200.6
The gross value of the asset in million PLN	2094.9	2349.4	2634.2	125.7
in % agricultural sector:	13.4	13.5	12.7	94.8
industrial	47.9	46.6	46.2	96.5
market services	37.2	36.5	37.9	101.9
non-market services	1.5	3.4	3.2	213.3
Per capita in PLN	17475	19678	22096	126.4

Source: *Own analysis based on the data from the Central Statistical Office.*

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the district was PLN 2634.2 million and was higher than in 2004 by 25.7%. The highest gross fixed assets were recorded in the industrial sector then in services (primarily in the market services) and agricultural sector. Compared with 2004, the capital expenditure in services increased, and in agriculture and the industrial sectors decreased. According to the gross worth of fixed assets per capita in 2007, Stargardzki Poviat was on the 7-th place in the voivodship.

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities).

In 2008, the Poviat of Stargardzki received for the execution of its tasks, 126.5 million PLN (about 98.5% more than at the beginning of the investigation period). It was PLN 1061.15 per capita, which was the 2-nd place among the Poviats of earthly (after the Poviat of Biaogardzki) The expenditures amounted to PLN 128.2 million of which investment expenditure property constituted 39.1% (16.7% in the voivodship). The growth of expenditure in the Poviat (compared with 2004) was higher than the revenues. Spending per capita placed the Poviat on the 2-nd place among the Poviats of earthly.

The budgets of districts of the Poviat of Stargardzki in 2008 drew the joint income equalling to PLN 279.1 million and the amount of income per capita placed the Poviat on last place in the province. Municipalities spent PLN 278.3 million, in which property investments accounted for an average of 12.9% of the total expenditure budgets of these communes. Compared with 2004, the expenditure of municipalities increased a bit slower than their revenue.

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Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within the Poviat of Stargardzki in 2004, 2006 and 2008 in PLN

SPECIFICATIONS	2004	2006	2008	2004=100
Poviat budget revenue	63731242,00	65085688,63	126486431,73	198,5
per capita	531,14	545,10	1061,15	199,8
Poviat budget expenditure	60151010,00	65819802,28	128212752,35	213,2
per capita	501,30	551,25	1075,63	214,6
Revenue of municipalities' budgets	191032328,00	237010654,21	279058324,27	146,1
per capita	1592,07	1984,98	2341,13	147,0
Expenditure of municipalities' budgets	195281489,00	239700280,43	278263926,03	142,5
per capita	1627,48	2007,51	2334,47	143,4

Source: *Own analysis based on the data from the Central Statistical Office.*

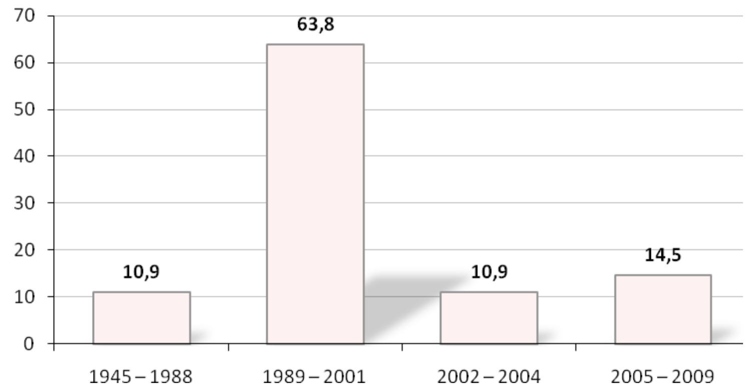
Own research results

A. The State and structure of the economic activity of the companies surveyed

Entrepreneurs and their companies – characteristics of the business

Observing the state of the economic activity of the Poviat companies it is clear that there are years of more and less dynamism in this area. In terms of the number of newly registered companies years 1989-2001 were especially intensive, then 63.8% of the surveyed companies were registered (fig. 2). In the next years there is a rapid reduction in the number of newly created enterprises, although during the period 2005-2009, the number of newly registered companies again has a growing trend and is 14.5%, however, it is difficult to assess further evolution trend. It is worth remembering that presented data do not show the absolute increment the number of enterprises – it is known that at the same time a certain number of companies closed down. The companies presently operating in the Poviat are mainly those which have already had some experience connected with functioning for over 8 years on the market – also during low prosperity on the market.

Fig. 2. The year of founding a company



Source: *Own research.*

With regard to the companies in the Poviat, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 74.6% of all companies investigated, then come small companies – 14.5% and the average – 10.1%. Nearly 1.0% of the surveyed firms are large firms employing more than 250 employees.

Regarding the type of activities, single enterprises prevail – 69.6% and the remaining 30.4% goes to co-partnership companies (of which 15.2% constituted limited liability companies, 10.1% of civil associations, 2.2% of particular partnerships, 2.2% of public companies and 0,7% of co-operatives

So significant predominance of single firms may indicate a trend of changes on the local labour market – from employment, towards self-employment. Undertaking a business activity by individuals not having a legal personality enables relatively quick adapting to local and regional market conditions, and it requires relatively low start-up recourses and allows the owner to achieve the whole profit, while taking the total liability for the functioning of the enterprise.

The structure of operators, consistent with the PKD classification (Poland’s classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies from service markets. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of Stargardzki are as follow:

- service sector – 20.3%
- commercial sector – 17.4%
- construction sector – 13.0%
- industrial processing sector – 9.4%
- real estate, renting and services for business sectors – 7.2%
- transport, storing, communication sector – 7.2%
- financial intermediation sector – 6.5%
- agriculture, hunting and forestry sectors – 6.5%
- hotels and restaurants sector – 4.3%
- health and social assistance sectors– 4.3%
- production and distribution of electricity, gas, water sectors – 1.4%
- public administration and defence sectors– 0.7%
- education sector – 0.7%
- mining sector – 0.7%

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows that: 29.6% of companies hire people with university education, 38.1% with secondary education, and 25.5% with vocational education. In addition, 0.4% of enterprises employ people with gymnasium education; 5.7% of them those with primary education, and 0.4% without any education, additionally 0.4% of the respondents refused to answer this question. By aggregating indicators of the people with at least primary education we find out that together in the

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companies of the Poviat of Stargardzki there are 6.5% of companies use workers without acquired qualifications, which is possibly associated with the need for support unskilled workers in a firm. This explains the demand for unskilled labour.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Stargardzki in 2008 in the case of 16.1% of companies the employment declined, then increased in 10.9% but in 73.0% of the surveyed companies there was no personnel traffic.

The main causes of the reduction in the number of workers were:

- the issues of external problem with
  - disposal of products and services – 32.3%
  - unprofitability of the production and sales – 12.9%
  - crisis – 3.2%
- internal issues
  - leaving at own request – 29,0%
  - nieakceptowanie warunków pracy – 9,7%
  - retirement of workers – 6,5%
  - too low salaries – 3,2%
  - unreliability of workers– 3,2%

In turn, the increase of employment in the company was due to the increasing demand for the products or services – 40.0%, the extension of the scope of their activities – 26.7%, seasonal nature of work in the company – 13.3%, substitutions – 6,7%. A large group of respondents – 13.3% had difficulties with the term causes an increase in employment.

These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, besides there are natural factors explaining the personal traffic in the firms (retirement, resigning at their own request). It is worth stressing that large personnel fluctuation is not a favourable factor to business efficiency and indeed has negative consequences for companies.

The declarative dynamism in employment within the next three months, and the nearest year is satisfying, because none of the respondents declared to reduce the level of employment. Small differentiation (in both sections of the time) the respondents declared in terms of increasing of the employment level – in respect of the 3 months it is 10.9% in respect of 12 months – 6.5%. As far as the maintenance of employment is concerned in the context of 3 coming months 82.6% of the respondents provide employment without changes, but in respect of a further 12 months the number of indications decreases to 58.7%. With regard to 3 months 6.5% of the surveyed cannot predict the dynamism in employment and with regard to 12 months – 34.8%. This is certainly an effect of persistent economic difficulties in the country where the dynamism of changes is so large that effectively prevents from predicting (fig. 3).

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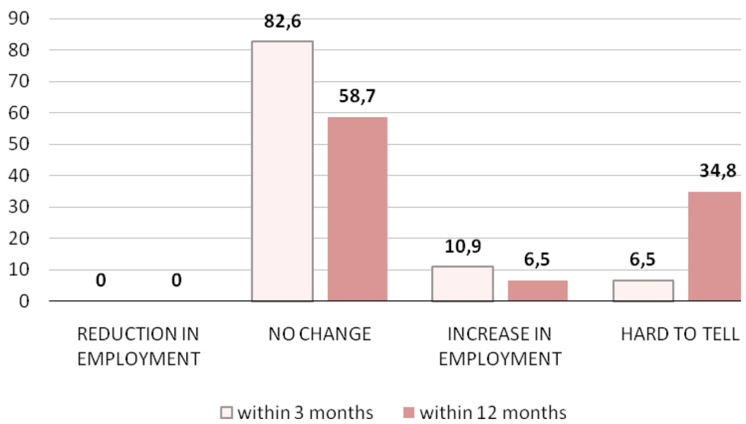
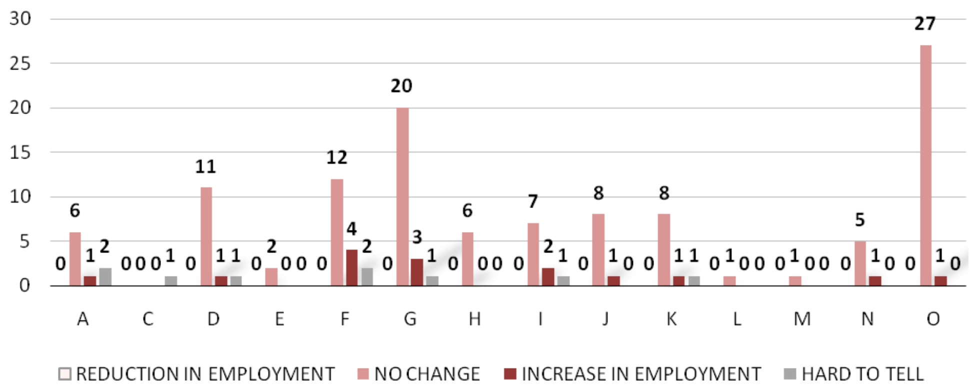
Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operate (fig.4). A waiting attitude is dominant among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers. However, it should be noted that no companies provide for reduction of jobs. The biggest group expecting the growth in employment came from section F – Building; G – Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods and I – transport, storing, communication. Some revival, which is supposed to boost employment, is expected to come from the business representatives of sections: A – agriculture, hunting and forestry; J – Financial intermediation; K – Real estate, renting and business services and N – Health and social assistance.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the Poviat of Stargardzki the need for specific professions is as follows: employees at work – 26.7%, machinery operators and assemblers – 20.0% and sequentially services staff and salespersons, industrial labourers and

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craftsmen, office workers, technicians and medium level personnel, business experts, specialists in physical sciences, mathematics and technical sciences, Social Sciences and related professionals and Sciences and health specialists – 6.7% per each.

The distribution of indications for particular types of education required from potential workers it what follows: university education, in the field of the company's profile – 17.9%, technical secondary education in accordance with the job's profile – 10.7%, primary vocational education compatible with the company's profile – 14.3%. In addition, employers require from job candidates such skills as: specialized courses qualifying for work – 17.9%, a driving license for vehicles of category C, E – 3.6%, seniority in the given professional profile – 32.1%, handling machinery and equipment – 3.6%. It should be noted that the above qualifications and professional skills are not disjoint characteristics.

Seeking new employees may be done internally (the so-called internal recruitment), and by external recruitment (seeking employees on an external labour market). With regard to the Poviat of Stargardzki the analysis refers to the external recruitment process. The companies seeking employees apply active strategies such as: 23.2% of companies seek workers with the assistance of UP (the Work Centre), 20.0% of the entrepreneurs use advertisements in the press or on the Internet, besides 11.4% of the indications for answers that employees come to the company themselves, and in 8.1% of the cases they are recommended by others, in addition, 0.5% of the firms seek employees among the members of the family. The remaining group – more than 36.8% of the firms declare that they do not seek any workers.

The company's development potential – the company's remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this is the so called sensitive variable, which is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. With regard to the Poviat of Stargardzki for both periods slightly below 23.9% of the respondents refused to answer. However, the obtained responses suggest that the salaries during the past and current years were given some level of dynamism. In 2008 the salaries increased in 22.5% of the cases, in 2009 the number has been 8.7% of the surveyed. Definitely a positive fact is the declaration to leave salary levels unchanged: in 2008 50.0% of the respondents froze the salary, but with regard to 2009 such intention was declared by as many as 65.9% of the respondents (fig. 8).

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	22.5	8.7
Were reduced	3.6	1.4
Unchanged	50.0	65.9
Refusal to answer	23.9	23.9

Source: *Own research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. It is of course an item cost-generating, but in the long term

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enhances business. A worrying signal is that up to 66.7% of the surveyed companies do not use this type of solutions, the remaining 31.2% of enterprises declare using thematically diverse and targeted trainings: accounting, finance, marketing, handling machinery and equipment, sales and customer service, management, foreign languages, specialized and referring to trade, building, HR management, work place safety (BHP) and food preparation, waiter's and barman's training as well as tax courses.

All the above courses and training indicate that they are to some extent investments in the company, rather than investment in human capital. The situation in which companies do not invest in human resources, or not strengthen intellectual capital, always results in the lowering of development needs. However, this situation may be a consequence of the current economic crisis and the drastic looking for savings by enterprises.

Today, in the time of rapid growth of the importance of technology in the functioning of societies, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. The technologies being used in the enterprises determine the potential of the companies in the Poviat of Stargardzki as follows: 22.5% companies use modern technological lines in 2008/2009, 35.5% purchased within the last five years and 26.8% of companies use technological lines purchased before 2004.

In terms of modern technology procurement, the data are as follows:

- machines and modern devices – purchased in 2008/2009 – 17.6% of companies,
- machinery and equipment used from 3 to 6 years – 34.6% of companies,
- machinery and equipment used from 7 to 10 years – 16.9% of companies,
- machinery and equipment used for over ten years – 11.0% of companies.

From the presented data emerges a picture of companies that keep pace with the challenges of the market, by adjusting their solutions to modern requirements. However, the fact that 15.2% of respondents were not able to describe the technologies being used in their companies, and 19.9% of them could not specify the technological state of the machinery used in their company, raises the concern that they did not want to admit to using in their companies outdated and old solutions, which are generally disapproved of. This category cannot be firmly associated with the companies using the machinery and equipment older than 10 year. However, it can be assumed that a significant proportion of them are just such company.

B. Market dimension of business – binding undertakings with their surrounding
The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Stargardzki the choice of location for their activity was determined by:

- the residence of the owner – 45.3%
- the opinion that the Poviat of Stargardzki is a good location – 20.0%
- the availability of markets – 12.2%
- the availability of labour – 11.5%
- the availability of supply – 4,9%
- the matter of chance – 6.1%

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The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market. The presented data show that companies in the Poviat of Stargardzki knowingly or unknowingly apply a strategy for building a quality advantage, that is, they seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality (fig. 5).

In order for the obtained competitive advantages to have the characteristic of sustainability the price and information advantages should be also obtained, which were missing among the surveyed companies. Most of the surveyed companies estimate their level of competitiveness as that of a local competitiveness – 59.1%. In the opinion of the respondents there are 19.3% of companies with competitiveness on the voivodship level, 14.2% of the respondents feel competitive in relation to the entire country. The dimensions of European competitiveness – as felt by the researched – are very meagre – only 5.1% of respondents believe that they are competitive markets in the European Union. 1.1% of respondents cannot answer this question, or believe that they are not competitive – 2.1%.

Thus, the main competitors of the companies in the Poviat of Stargardzki are other local companies – 89.1%, and companies from Western Europe are seen as a potential competitor by 2.2% of the respondents, companies from Eastern Europe in 1.4% of the cases, and non-European companies by 2.9%. Also 2.9% of the respondents could not answer this question and 1.4% of the respondents do not feel competitive at all.

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses. Among the surveyed companies 11.9% declared that they do not encounter any problems in their business activities; however, the remaining 88.1% of the respondents had some difficult or critical moments.

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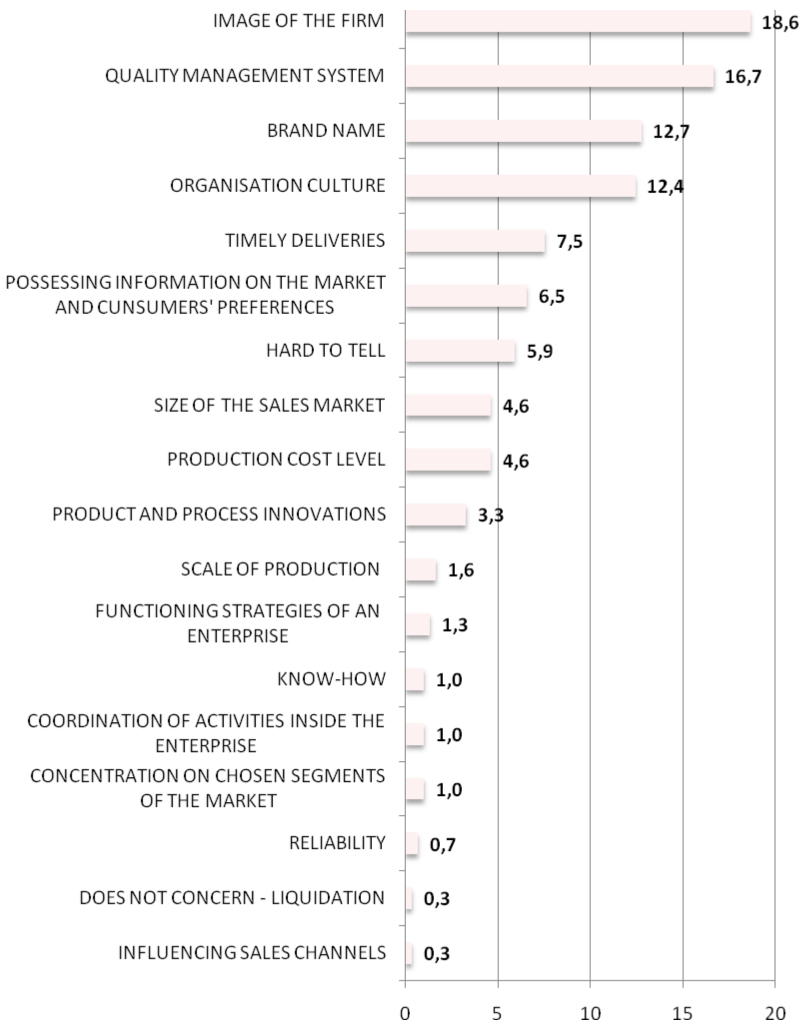
Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- inadequate domestic demand – 16.0%
- strong domestic and foreign competition – 15.6%
- uncertainty overall economic situation – 14.1%
- heavy bureaucracy – 12.3%
- high load on the budget – 7.1%;
- unclear and inconsistent legislation – 5.2%
- the development of 'grey market' – 3.7%
- a poorly developed infrastructure – 3.0%
- no concept of development for cities/municipalities – 1.9%

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- insufficient foreign market demand – 0.7%
- seasonal activities – 0.4%

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications)

- difficulties in accessing funds necessary to operate – 4.1%
- the lack of professional staff – 3.7%
- insolvency of contractors – 0.4%

The biggest difficulty for the surveyed businesses is learning to function in a free market economy, where experiencing strong competition mechanisms is a norm, and the inherent pressure and constant risks are unavoidable. Interestingly enough the surveyed expressed the opinion that they experience a lot of difficulties in their business caused by public institutions – in particularly such as: heavy bureaucracy and high taxation. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, frequent problems, generated by the State and its institutions.

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. In the Poviat of Stargardzki the main practice in these situations are: reducing investment expenditure – 22.2%; or cessation of investment – 7.6%; reorganisation of the establishment – 11.1%; the decrease in the level of employment – 8.8%; the reduction in wages – 1.8%; sending employees to payless vacations – 1.2%; saving – 1.2%; hire-purchase – 0.6%, liquidation of the company – 0.6%. This means that to a great extent, the reaction to crises is restricting an aspect of activity, which is a passive strategy. The inventive methods of practices are: insuring of the concluded transactions – 1.2%, insuring of the concluded contracts – 1.8%, intense publicity – 0.6%.

It is worth recommending active strategies, which to some extent secure from the effects of variable surrounding. Not taking any concrete action in a crisis is a much more unfavourable phenomenon – and such passivity is owned up to by as many as 35.1% of the surveyed. In addition 6.4% of the surveyed cannot completely define the way of tackling difficult situations, that means that 41.5% of the surveyed knowingly or unknowingly apply a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 50.7% of the surveyed conclude that the situation of the company during the last 6 months has not changed, and 17.3% say that it has clearly improved. However, the opposite opinion was voiced by 26.8% of the surveyed and 5.1% of the respondents could not answer this question. It is clear that the assessment of the socio-economic conditions depends on one's own subjective business experience.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for the item and service – 75.6%,
- increase in prices of materials and raw materials – 8.9%,
- the change of credit conditions – 4.4%
- increase in fuel prices and energy – 2.2%

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- crisis – 2.2%
- insolvency of contractors – 2.2%
- increase in competition – 2.2%
- hard to tell – 2.2%

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 72.0%
- acquisition of investors – 12.0%
- liquidation of competitors – 4.0%
- increase in assortment – 4.0%
- hard to tell – 8.0%

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

The assessment of the business depends largely on the condition of the surrounding in which the company operates. Therefore, the next important issue is the assessment of the surveyed in terms of economic situation of the voivodship. In this regard by the most of the surveyed – 47.4% – the economic situation in the region during the last 6 months has not changed, by the same number of the respondents 47.4% – deteriorated, at the same time a small group of the respondents, 5.1% believe that the changes that happen there are positive. Such diversity of opinions certainly issue from subjective experience of entrepreneurs on the market, if the company prosper effectively the propensity to the positive assessment of the surrounding in which it operates is greater (and vice versa).

Anticipating a further period of six months is rather positive. According to the most numerous category of the surveyed of 40.9% economic situation in the voivodship will not change, in this respect there are much fewer pessimists – 16.0%, the percentage of the optimists is 29.2%, and 13.9% of the surveyed have difficulties to estimate in this regard.

The next variable on which the market dimension of business development should be described is the dynamism in the demand for services/products. An attempt to observe changes in this area includes a comparison of the data in relation to the period last year. And so 20.6% of the surveyed have noticed an increase in demand, a fall of the demand – 36.0%, and 39.7% of the surveyed have not noticed any changes in the volume of the demand. The remaining 3.7% of respondents did not know how to estimate the changes in the context of the past year.

The surveyed forecast also changes in the demand for services and products in the context of the similar period next year. The obtained data of this indicator show the change of situation, there is quite a big percentage of those who cannot predict, what kind of changes affect the demand –17.4%, a relatively numerous category – 33.3% of the surveyed estimate, that the volume of demand will not change, there are 39.1% of optimists in this respect, and only 10,1% of the pessimists. So many people who are not able to estimate the changes in the volume of the demand (17.4%) in respect of the future period allow to judge that that situation on

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the market is so dynamically variable that the chances of anticipation how it will go are negligible.

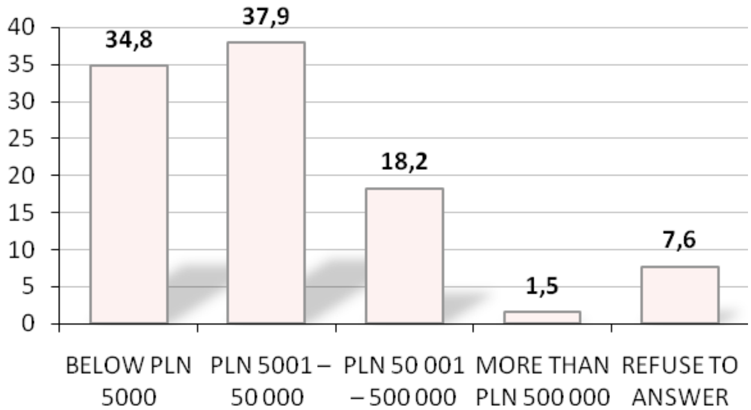
One of the major factors determining the development potential of companies is the level of investment. Obviously, in order to strengthen its position in the market, be ahead of competition, a company must take pro-development actions, and one of these types of action are investments. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and in relation to local or regional development. The benefits of adequately realized investments are obvious and usually mean strengthening the position of the company in the market. No investment always results in stagnation and losing the market.

The primary (but not the only) way to invest is to increase the resources of tangible fixed assets of the company. In this regard companies of the Poviat of Stargardzki are on an unsatisfactory level, in 45.2% of the surveyed companies there were no investments at all, but the companies of the Poviat of Stargardzki which do invest usually choose the following goods – ranked by the multiplicity of indications:

- equipment (furniture, appliances) – 35.0%
- vehicles – 10.2%,
- buildings, land – 9.6%

Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). Most respondents (37.9%) pointed out that the expenses incurred were in the bracket of PLN 5 000 to PLN 50 000, next groups of the respondents declare increasingly lower amounts – 34.8% of the surveyed companies within the last 6 months invested in the development of their company less than PLN 5000. Without doubt, this suggests a small scale of their operations, and its sector specificity – the firms involved in minor services mostly do not require costly equipment. 18.2% of the companies, invested from PLN 50 000 to PLN 500 000., and only 1.5% of the companies invested over PLN 500 000, while 7.6% refused to answer this question.

Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

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The respondents also forecast possible investments in the course of the next six months. Resulting data are worrying, within the next six months 2009, 42.3% of the surveyed companies do not plan to take expenditure for the purchase, lease, leasing, refurbishment of vehicles, equipment or real estate, 36.5% of the respondents plan to give funds to investments and 21.2% cannot give the answer to that question. If the respondents understand the meaning of investing, the lack of such layouts in their businesses will have to lead to stopping the growth of fixed assets in the firm they already have.

On the basis of subjective experience respondents also made a forecast for the situation regarding their own company for the next 3 years:

- the company will be better than today – 39.1%
- the company situation will be similar to the present – 25.4%
- the company will fail in liquidation – 5.1%
- the company will be worse than today – 2.2%
- hard to tell – 28.3%

The worrying signal of analysis of the compiled data is quite a number of the enterprises (28.3%), that are not in a position to evaluate their own development in relation to the relatively near future. Their presence on the market and self-awareness of development become doubtful.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel.

Partnerships and networking economic links between enterprises can be included to external growth strategy, and as regards its duration and the dimensions, it can be short or long-term cooperation and may be more or less developed.

In this regard the Poviat of Stargardzki compares rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. The majority – 73.8% of the surveyed companies do not co-operate with other entities. In respect of the remaining 26.2% of the companies that undertake to cooperate with other firms, they do it with: self-governing units – 6.7%; companies operating in the region – 5.4%; education institutions – 3.4%; consultancy companies – 2.7%; non-governmental organizations – 2.7%; units of the governmental administration – 2.7%; incubators of entrepreneurship – 2.0% and foreign firms – 0.7%.

Another important issue is applying by entrepreneurs different forms of cooperation with companies in the region. The vast number of companies – 91.3% suggest not carrying out any forms of cooperation with other operators, the remaining 8.7% of the firms lead some cooperation of the type: the cooperation agreement – 3.6%; associations – 1.4%; subcontracting – 1.4%; joint venture – 0.7%; holding – 0.7%; franchising – 0.7%.

The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to the low use of support from public institutions. The vast majority – 76.4% of the respondents declare that they do not use any available forms of support, the remaining 23.6% of firms benefited from:

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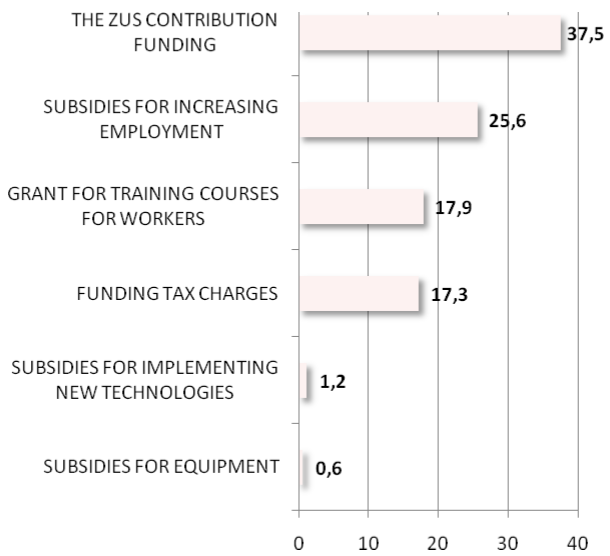
grants to increase employment in the company – 8.6%, funding tax fees – 3.6%, grants for training for employees – 2.9%, funding to Social Insurance contributions (ZUS) – 2.1%, grants for setting up a business – 1.4%, subsidies for the construction of a firm building – 0.7%, grants for business expansion – 0.7%, funding for the purchase of equipment 0.7% and 0.7% grants for environmental protection.

As these data relate to the three previous years, their negative values are especially alarming. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. To expand this issue the respondents were asked, what form of support from local authorities would positively affect the activities of enterprises, but 21.5% of the surveyed did not give an answer to this question. While among the respondents who made a choice for the preferred forms of support, the most important are the following:

Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

The extent of economic exchange

The economic exchange in the EU takes place on a common internal market, which, firstly, covers the entire EU territory and, secondly, is based on the principle of the four freedoms: the movement of goods, persons, services and capital. You can therefore conclude that analyzed districts participate in this area on the principles of free competition.

Exchange enterprise conducted by members of the trade in the discussed Poviat is limited spacewise – 84.8% of the surveyed companies did not have any international exchange experience, 5.8% of them had some goods or services export experience, 3.6% of them had goods or services import experience, and 5.8% export-import of goods or services.

The entrepreneurs export their products – primarily to Germany – 27.5% of the indications, other countries according to the number of choices are: various EU countries and the United Kingdom, Italy, France, Sweden, Hungary, Russia, Ukraine.

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The forecasts for export volumes in the context of the next six months are following: 37.5% of the surveyed estimates that the export level will increase during this period, while the opposite view is held by 6.3% of the surveyed, in turn, 43.8% of surveyed alleges that the volume of export remains unchanged and 12.5% of the respondents cannot predict the trends in export.

Innovation in enterprises

As already mentioned the competitiveness of enterprises is determined by many factors of the external and internal nature. The first group of factors includes such as: State policy and the condition of the available infrastructure, to other group includes the internal factors, e.g.: the type of management, held capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is exceptionally merit-type of a factor for development, since it determines not only the pace and directions for economic development on an individual scale, but on a local, a regional and an international scales as well.

The innovation rate in business in the area of the Poviat of Stargardzki is low, because only 19.6% of companies declare that in the period of 2007-2009 they applied some innovations, the remaining 80.4% did not take any innovative actions. In respect of the companies which applied some form of innovation, the source of their innovation was: (listed due to the declining number of indications)

- purchase of technology – 58.8%
- purchase of licenses – 26.5%
- copying ideas and solutions from competition – 5.9%
- introducing innovation by partner/ co-owner – 2.9%
- the owner's ideas – 2.9%
- purchase of modern equipment – 2.9%

These data indicate the low own potential of the companies. However, what is worth noting, that afflicts choice raised by companies of the Stargard Szczeciński Poviat, is to purchase technology. It is certainly an ethical choice, but it charges expenses to the company.

The respondents defined also obstacles experienced in implementing innovative solutions. As a major impediment to the application of innovation is the inability to finance innovative businesses – 28.5% and too large risks associated with the implementation of innovation felt by the entrepreneurs – 23.4%. Next, the lack of potential interest in new products/services from client – 9.5%, internal obstacles: the lack of the need for innovation – 5.8% and bureaucracy – 0.7%. A large group of the respondents – 31.4% were not be able to diagnose reasons preventing from taking innovative actions.

Activating entrepreneurs of the Poviat in question has more chances of success, in the context of co-operation with other entities for taking innovative actions. And it is worth knowing that the volume of institutional fund on research, development and innovation decide, inter alia, about the pace of innovation development and new technologies in enterprises in the region.

Unfortunately, in this regard, over half of the surveyed – 61.0% do not have any expectations, a 17.0% cannot answer this question. Therefore, 78.0% of all the respondents of the Poviat of Stargardzki have no elementary knowledge of the role of innovative behaviour and the importance of cooperation with other entities in the field of innovation. The remaining group of the respondents (22.0%) ranked their expectations in terms of facilitating, establishing and developing cooperation with other entities as follows: 16,3% of the respondents put attention to

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creating programs to promote technological development at the level of municipalities, for 3.5% it would be important to build an information system with the requirements of local business, for 1,4% – the development of institutional infrastructure in mediation and the transfer of technology, and 0.7% of the companies indicated improving the quality and the degree of tender suitability in units B+R for the needs of enterprises.

The above data (only 22.0% of respondents replied to this question) indicate that the state of knowledge in this respect is far too small and underestimating the importance of innovation may adversely affect the economic growth of the Poviat.

In terms of the use of modern multimedia tools the Stargardzki Poviat presents quite favourably – 87.0% of companies use the Internet. These companies have their own websites, continually benefit from various types of Web search, Web browsers and e-mail. However, 13.0% of the surveyed companies do not even have a potential access to solutions which are standard in highly developed countries.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The emerging picture is somewhat alarming. 80.6% of the surveyed companies in the Poviat of Stargardzki have never been using EU structural funds. The remaining 19.4% have used them mainly for: the development of technical infrastructure – 7.9% of the surveyed; increasing of their employment – 4.3%; enhancing the quality of staff potential – 2.2% and other objectives – 1.4%.

Such a low level of the use of funds stems from the lack of interest in this type of support – 38.0% of respondents do not want to benefit from EU structural funds. Comforting is that a high percentage of surveyed (50.7%) is interested in the use of funds from the EU structural funds. Obstacles to the realization of the goals are: in 7.7% of the cases is the lack of sufficient, clear information and in 3.5% of the cases is the lack of money.

The entrepreneurs who did use EU grants defined the barriers limiting their effective gaining the resources (the following factors are organized by declining importance)

- bureaucracy and ambiguity of EU request forms – 23.7%
- limited access to information about programs – 14.5%
- lack of time – 2.9%
- cost of preparing applications – 9.2%
- short term preparation of applications – 5.8%
- the necessity of own contribution – 13.0%
- hard to tell – 3.4%.
- the lack of adequate programmes for the given trade– 1.9%
- the lack of competent officials assisting at filling in application forms – 0.5%
- the lack of interesting programs – 0.5%

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As shown above, the previous experience of the entrepreneurs in the Poviat of Stargardzki with applying and using EU structural funds is not very positive. A significant proportion of the companies, indeed, have no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of Stargardzki in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the district, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

- the slow decline of population caused by the drainage of population from the Poviat;
- changes in the population age structure – permanent decreasing of the percentage of people aged 0-14 years and the increase in the population aged 65 years and over
- the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

- the increment of the rate of the number of working for 1000 people, which can suggest greater employing propensity of firms,
- the growth in average monthly gross salaries,
- a systematic decline in the number of unemployed people, the unemployment rate in 2008 ranked the Poviat on the 7-th place, among the areas with their lower values,
- deficit professions in 2008 were only those from such profession groups as: office support staff, teachers, employees at work in trade and services and executives of big organizations. There was a balance in the case of the following groups: vocational teachers and instructors and machinery operators and assemblers. The highest surplus went to such groups as: auxiliary workers In agriculture, farmers and fishermen working for their own needs: and farmers, gardeners, foresters and market oriented fishermen.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential. However, there were clear indications of the economic upturn, evident from the analysed economic indicators like:

- the growth in the number of economic subjects, especially trading companies which are so important for economic development,
- the increase of the Poviat's participation in creating administrative value sold,

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– the increase of investments in companies,
– higher than in 2004, the gross value of fixed assets,
– the income and expenditure budgets of the Poviat per capita which gave the Poviat of Stargardzki the 2-nd place among the Poviats of earthly in the voivodship.

Another conclusion from this analysis is that the development of entrepreneurship in the district will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat of Stargardzki, and developed on the basis of our own research allows to indicate some characteristic features for this group. The surveyed firms are engaged primarily in service sectors, the commonest being microenterprises, registered in the form of natural person businesses, however, it should be noted the significant contribution of the more mature form of management, what are the different types of companies. In the structure of the surveyed companies there are more firms functioning on the market over 8 years, resulting in the first decade of the system transformation.

The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail. However, among the companies that did have some personnel traffic, these increasing employment are in the majority. Moreover, the expectations for the future are optimistic because more companies expect an increase in employment rather than its reduction. In addition, it should be noted that entrepreneurs' expectations concerning employees' potential are not high, most vacancy were for unskilled work.

Considering the respondents' answers, it can be concluded that business activity is hampered by both market and administrative factors (too heavy bureaucracy) and positive examples of the support obtained from public institutions were rare. From the voices coming from representatives of companies it is clear that for most of them the State (and its different agencies) does not have any interesting forms(or at least it is not known) of supporting business enterprising. Generally the company's focus is primarily on consolidating its place on the market, and the co-operation and partnership with other enterprises or public institutions are rare occurrences.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is a small share of innovative solutions used in businesses.

It should be noted that the situation of companies and their prospects for development should not be seen solely in the context of economic considerations. When planning activities whose purpose is to support the development of the economy, you must also take account of social phenomena. It seems that the key problem areas include: the relationship of employers with their employees, as well as with public institutions, and the business environment. It seems to be advocating some action aiming at changing the mindset, the mentality of many entrepreneurs and executives – also in relation to practical aspects of running a business, management, strategic planning, etc. It is also noted that there should be some breakthrough in antagonisms occurring now between the main actors on an economic stage (e.g. entrepreneur-workers, entrepreneurs-officials, entrepreneurs-banks).

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of

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SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate to much different rules from those of small and medium companies;

2) a series of institutional and procedural barriers need removing in the process of setting up and running a business;
3) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc);
4) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

Summary

The evaluation of the socio-economic situation of the Subregion Stargardzki and the level of entrepreneurship of its businesses is ambivalent. It seems that the subregion has not yet reached the level of economic development which would correspond to its all available resources and its full potential. Notably however, there has been a significant improvement of economic situation and some economic indicators like: rise in the number of businesses with commercial partnerships, positive changes in the job market, the increase of the value sold in industry, growth of investments in companies, and the gross value of fixed assets, increasing income and expenses in the budgets of poviats and communes from the subregion. A positive development regarding the whole area is a rising tendency of the DGP in the subregion, and the gross added value. However, there is a slight difference in the structure of creating the gross added value in comparison with the voivodship. From the analysis it is clear that the development of entrepreneurship in the subregion will be based on a buoyant and dynamic sector. It should be remembered that the subregion is not a coherent area and any changes in the market do not occur in all poviats with the same intensity and at the same pace. Although there was an increase in the number of businesses, including partnerships, in all poviats, considering the subregion's saturation with businesses, it seems to have a poorly developed entrepreneurship. The subregion has the smallest number of registered businesses in the whole voivodship, and the smallest saturation of firms for 1000 people. This subregion has a very diverse rate of spatial concentration of businesses for 1000 people, with its value ranging from 77.4 in Choszczeński Poviat to 125.4 in Gryficki Poviat. The changes on the job market in all poviats of the Subregion Stargardzki were positive, i.e. a fall of unemployment and the number of unemployed, a rise in average salaries and the rate of employed for 1000 people. The percentage of unemployed living in rural areas fell only in the Poviat of Myśliborski. The barrier for further development can be low revenues and expenses in the budgets of territorial units in such poviats as: Choszczeński, Pyrzycki, Myśliborski and Łobeski.

From the data gathered in the course of our research the following conclusions can be drawn. Due to significant differences in business activity done in different poviats of the subregion Stargardzki, it is difficult to find a common denominator characterising the subregion's economy, which seems to be internally varied and full of untypical and unique conditions prevailing in different poviats of the subregion. This variety is also mirrored in the structure of business classification according to the Poland's Code for Activities (PKD) (fig.1). Notably, in some poviats there are firms operating in the categories which are not so intensely represented in other poviats (for example F – building in Stargardzki Poviat). On the other hand, the saturation of a poviat with firms leading varied activities, or the opposite, with one or two dominating business fields (e.g. G – Wholesales, and retailing; repairs of cars, motor bikes, and personal and household appliances, and section O – Communal, social and individual services, and others in Gryficki and Łobeski Poviats)

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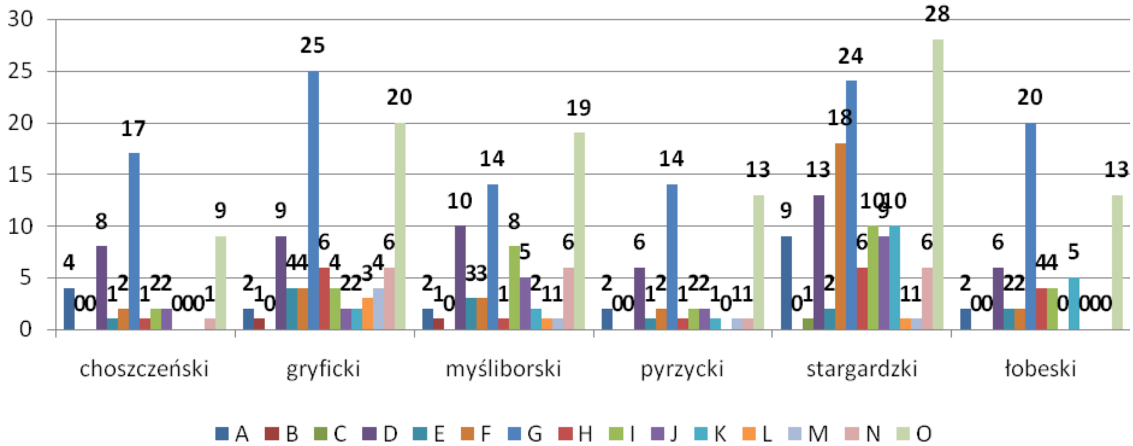
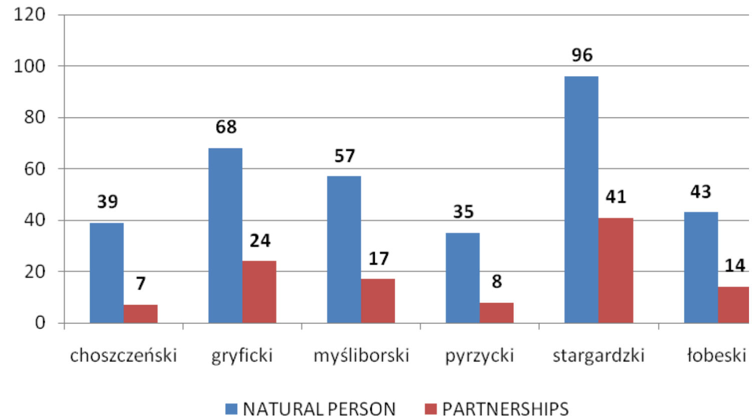
Fig. 1. The structure of business activity of firms in different Poviats in the Subregion of Stargardzki according to the sections of the PKD (data in absolute values)



Source: own research

The maturity of a local economy is indirectly visible in the legal form under which businesses operate – the presence of partnerships is always perceived as a symptom of passing from an initial stage of development to that of greater stability and finally to greater level of develoment. As mentioned before, the Poviats with big cities are clearly visible among the others. Also in this compilation, the porportion of the firms registered as PARTNERSHIPS to those registered as individual personal businesses is the most favourable in the Poviat of Stargardzki. However the rate of partnership to induvidual firms was below 50% in all Poviats in question (fig. 2).

Fig. 2. The structure of firms in different Poviats of the Subregion of Stargardzki according to legal forms of business activity (data in absolute values)



Source: own research

The presented data illustrate the variation of the subregion's economy. However, identifying its specificity aims at applying an efficient and justifiable intervention, whose objective is to strengthen the economic system of particular territorial units.

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V. KOSZALIŃSKI SUBREGION

Introduction

Koszaliński Subregion is located in eastern and central parts of the Zachodniopomorskie Voivodship. It borders with Stargardzki Subregion, and the Baltic Sea, and three other voivodships: Lubuskie, Pomorskie, and Wielkopolskie. Its area in 2008 was 10.4 thousand sq. km. which 45.4% of the voivodship. Its population was 591.7 thousand people, which is 35.0% of the population of the voivodship. This Subregion is the biggest in the voivodship with respect to both its size and population. The administrative division of the subregion consists of:

– 89 poviats of earthly: Białogardzki, Drawski, Kołobrzeski, Koszaliński, Sławieński, Szczecinecki, Świdwiński, and Wałecki;
– 1 city with the status of poviat: Koszalin;
– 49 communes: 8 municipal, 15 municipal-rural and 26 rural.

The poviats of the subregion are varied in size. The smallest is the poviat of the city of Koszalin, which covers 0.8% of the subregion. The biggest poviats of the subregion are: Drawski and Szczecinecki, which cover nearly 34% of the subregion.

In 2008 the rural coverage rate, illustrating the share of rural areas in the total area of the subregion was 95.7%, which put the subregion on the 2nd place in the voivodship, after the Subregion of Stargardzki. The urban coverage rate was on the level of 4.3% giving the subregion 3rd place after the Subregions: of the City of Szczecin and of Szczecinecki.

The development of the regions is one of the prerequisites of improving economic potential of given areas. Therefore, creating conducive conditions for the development of economic potential has been defined as a strategic target of national development. Developing entrepreneurship and attracting investors are also among the main objectives of strategic development plans of the poviats in the Subregion of Szczeciński.

Macro-economic conditions for business development on the level of subregion can be measured by the analysis of the data on the DGP or on the structure of generating the gross added value. The DGP shows the final result of all subjects of national economy. Its value in 2006 for Koszaliński Subregion was PLN 13713 million and was bigger than in 2004 by 13.5% (average growth for the voivodship was 12.6%). The DGP per capita was PLN 23136 which was 91.4% of that in the voivodship. The rising DGP per capita confirms a sustainable development of the subregion's economy.

In comparison with 2004, there was an increase of the gross added value, illustrating the value of products (goods and services) created by market and non-market entities (reduced by the indirect usage necessary for creating it), by 12.2%. The results of the shift-share analysis show the level of subregion competitiveness in the voivodship with respect to the structure of the gross assed value according to the Poland's Code for Activities (PKD) (assuming the same tendencies of changes in that area). The results of the analysis confirm the differences in the structure of creating the gross added value for the subregion and the voivodship. Also, they show that the growth of that value in the subregion is dependent on its economic potential. This potential in the subregion is higher in industrial sectors and those connected with: trade and repairs, hotels and restaurants, transport, storing and communication. It turns out that the newly created value in the subregion was bigger than in 2004 almost in all sections of Poland's Code for Activities (PKD) (except agriculture and industry). However the changing tendencies are slower than in the voivodship. The unfavourable structure of creating GAV (gross added value)

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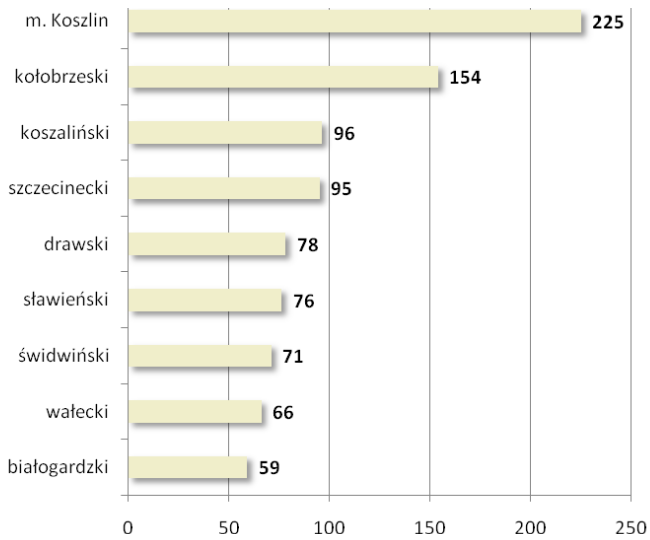
in the firms of the subregion caused the negative shift compared to that in the voivodship, mainly due to poorly developed agriculture, the remaining services and industry. Compared to the general development level of the voivodship, the level of competitiveness for Subregion Koszaliński with respect to the structure of creating GAV shows favourably – which is due to positive shifts in the analysed groups of activity (except for agriculture, hunting, forestry, fishery and industry).

Particular poviats of the Subregion of Koszaliński were represented by a varied number of firms, the biggest share in the surveyed sample were subjects located in the Poviat of the City of Koszalin, and the smallest those from the Poviat of Białogardzki.

Fig. 1. The structure of the sample in the Subregion of Koszaliński
(data in absolute values)



Source: *Own research.*

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1. The Poviat of Białogardzki

Introduction

Territorial Division

The Poviat of Białogardzki is situated in the north east of the Zachodniopomorskie voivodship. It borders with four neighbouring Poviats: Kołobrzeski, Koszaliński, Szczeciński and Świdnicki. In 2008 it covers the area of 845 sq. km, which accounts for 3.7% of the area of the whole voivodship, and has the population of 48.3 thousand which is 2.9% of the whole voivodship population. With these figures the Poviat of Białogardzki ranks on the 13-th and 12-th place respectively in the whole voivodship. The Poviat consists of four communes: an urban Białogard commune, an urban-rural Karlino commune, and two rural Białogard and Tychowo communes. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 95.9% and put this Poviat on the 10-th place in the voivodship. Respectively the urban area ratio was on the level of 4.1% which meant the 8-th place in the voivodship.

In the whole Poviat there are 127 towns and villages with the proportion of 125 villages and only two towns: Białogard and Karlino. The capital of the Poviat is Białogard which is an important road and railway transport centre[20].

Fig. 1. Administrative borders of the Poviat of Białogardzki
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect to all entrepreneurs taking part in the research. In the analysed population, the gender regression is nearly symmetrical: 50.8% of women and 49.2% of men. The next variable was the age of the respondents – the analysed population consisted of two similar age groups: the first being people aged 45 plus – 55.36% of the whole population, and the second, people up to the age of 45 – 44.64% of all respondents. With regard to all respondents, most of them had a secondary education – 42.4%, and tertiary education – 35.6%, a vocational education – 20.3%, and primary education – 1.7%. The last variable is the job or post they hold. Thus there were

[20] *The Strategy for the Poviat of Białogardzki Development for years 2000-2015.*

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64.4% of firm owners, 8.5% of office workers, 5.1% of chairpersons or directors, 3.4% of chief accountants, and 18.6% of people responsible for talks in the company.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 the Poviat of Białogardzki population slightly decreased (by about 0.1%). According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

The Poviat of Białogardzki belongs to sparsely populated areas, the average population density rate in 2008 was 57 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level.

In 2008 the Poviat of Białogardzki all city population was 30.2 thousand people, which in turn determined the urban demographic rate on the level of 62.5%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, the Poviat of Białogardzki seems to be a region of low urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rate the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in the Poviat of Białogardzki in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	48327	48319	48297
Feminine rate	104	104	105
Urban demographic rate	62,3	62,3	62,5
Rural demographic rate	37,7	37,7	37,5
Population density per 1 km^2	57	57	57

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological and economic age groups. As for the first criterion, the following age groups can be distinguished: 0-14, 15-64, and 65-plus. This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 0.8 thousand, and its general ratio to the total population of the region fell from 18.6% to 16.9%. In the next age group, i.e. age 15-64, there was a slight increase from 33.8 thousand to 34.5 thousand in the respective years. However, the ratio of this group to the total population increased from 70% to 71.5%. The last age group population, i.e. age 65-plus increased by 0.7%

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and its ratio to the total population went up from 11.5% to 11.6%. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Białogardzki Poviat the percentage of people in the pre-productive age group was 21.4% (in the voivodship – 19.1%), in the productive age group – 64.6% (65.9% in the voivodship) and in the post-productive age group – 14.1% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 1.4%) and post-productive age group (by 0.7%), and a simultaneous decrease in the pre-productive age group (by 2.1%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in the Poviat of Białogardzki 598 new children were born, which accounted for a 28.3% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 12.3 live births (10.8 in the voivodship) and only 9.5 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in a given area. In the years 2004-2008 in the Poviat in question there was an increase of the death rate by 4.9%. For each 1000 inhabitants in 2008 there were 10.6 deaths (9.7 in the voivodship), and only 10.0 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Białogardzki in all the years in question amounted to over 50%.

The population growth, based on the number of live births and the number of deaths in the Poviat of Białogardzki in 2008 was positive (84 people) and compared to that from 2004 had increased. After conversion for each 1000 people, the growth ratio was on the level of 1.7 (1.1 in the voivodship), whereas in 2004 it had a negative value of -0.5.

Tab. 2. Natural migration of people in the Poviat of Białogardzki in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	9,5	10,3	12,3
Total death rate for 1000 people	10,0	9,9	10,6
Natural growth rate for 1000 people	-0,5	0,5	1,7
Demographic dynamics rate	0,951	1,048	1,163

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the Poviat of Białogardzki in 2008 the total migration rate was negative and amounted to -115 people, which was caused by the outflow of people to other Poviats in the voivodship or going abroad. For each 1000 people in the Poviat the migration rate was negative (-2.4 people), and was higher than in the voivodship (-0.8 people).

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The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent make the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Białogardzki Poviat in 2007 there were 8.4 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 8.5%. In the analysed period there was a significantly bigger increase in the employment of women (by about 11.2%).

For each 1000 people in 2007 there were 175 people employed in the firms with nine and more workers, which ranked the Poviat on the 8-th place in the voivodship (with the average rate for the Zachodniopomorskie Voivodship 193 employed in nine-plus firms for each 1000 people). The analysis of the employment rate shows its growth compared to 2004 (both in the Poviat and the voivodship on similar levels), which can suggest: firstly, the increased willingness on the part of local business to employ new workers, and secondly, a sustainable socio-economic development of the area.

Tab. 3. Workers and salary in the Poviat of Białogardzki in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	7772	7984	8434	108,5
men	3833	3865	4055	105,8
women	3939	4119	4379	111,2
Workers together with individual agriculture	8895	9107	9557	107,4
in% of the agricultural sector	15,1	15,1	14,3	94,5
industrial	41,9	40,0	41,0	97,9
supporting	43,0	44,9	44,7	104,0
Average monthly gross salary of PLN	1872,84	2027,16	2194,67	117,2

Source: *Own analysis based on the data from the Central Statistical Office.*

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Białogardzki Poviat in 2007 the number of people employed was 9.6 thousand. The employment structure by economic sectors shows that 14.3% of the employed worked in agriculture, 41.0% in industry and 44.7% in

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services. Since 2004 the employment in the service sector slightly increased, and it did so at the expense of the industry sector (a smaller drop) and in agriculture (a bigger drop).

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was 2194.67 and it was more than in 2004 by about 17.2% (a similar increase was for the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by about PLN 421.00). With respect to the pay rate, the Poviat was on the 16-th place.

In the Poviat of Białogardzki, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 5196 people unemployed (in which women made only 47.8% – in other Poviats of the voivodship women made the majority of the total number of the unemployed). Since the beginning of the analysed period the number of unemployed dropped by 68.8% (only 45.2% in the voivodship), and the drop referred mainly to male workers. 46.1% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the increase – the percentage of unemployed people living in villages was higher than in 2002.

The registered unemployment rate in the Poviat in 2008 was 28.4% (with the average for the voivodship 13.4%) and was the highest in the Zachodniopomorskie voivodship. By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a slight decrease of the unemployed not entitled to state welfare money (by 1.4%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still worryingly big – in 2008 it was 80.1% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 6.9%), and a decrease in all other age groups (the biggest in the 35-44 age group and below 25 age group). There were also more unemployed people with a general secondary and university education, and fewer unemployed with a vocational education, gymnasium education and primary education, as well as post-secondary and secondary vocational education.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and the job postings made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in the Poviat of Białogardzki were only found in such big professional groups as fine mechanics, ceramics and printing. There was no balance in any of these groups. Apart from the groups mentioned above (with deficit jobs), other groups were unbalanced with surplus jobs. The highest values of the surplus intensity rate were found in such professional groups as: farmers and fishermen working for their own needs, vocational subject teachers and instructors, directors of small and average firms, and managers of big organisations. In comparison to 2004 the average surplus intensity rate hardly increased, which means only a small improvement for the unemployed on the job market.

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Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In the Poviat of Białogardzki in 2008 in the REGON register there were 4.9 thousand firms and businesses which accounted for only 2.3% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 9.3% (with 5.5% in the voivodship). From among all businesses operating in the area in 2008 over 93% came from the private sector.

Considering the competitiveness of the Poviat of Białogardzki with regard to the business saturation, it only ranks on the 14-th place in the voivodship. On average, the Poviat has 101.7 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Białogardzki is a weakly developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Białogardzki Poviat in 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
All economic subjects	4494	4736	4913
for 1000 people	93,0	98,0	101,7
by economic sectors in %			
agriculture	4,3	4,2	4,2
industry	17,6	19,1	20,9
services	78,0	76,7	74,9

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 96% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 2.8%, and average businesses only 0.7%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro and small businesses in the Poviat increased, and that of average businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat of Białogardzki was represented by natural persons running their own businesses (75.7%), with the next place going to trade companies with 3.8%, associations and social organisations with 2.0%, co-operatives with 0.7%, and foundations with 0.1%

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 38.5 trading companies for 10000 people in the Poviat giving it the 12-th place in the voivodship. Compared to 2004, the number increased by 20.0%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec.

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2008 there were 57 such companies in the region, which, when set against 10000 people, gave 11.8 units. Companies with foreign capital accounted for 30.6% of all trading companies in the Poviat, and their number compared to 2004 increased by 16.3%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Poviat of Białogardzki the firms from the service sector were the most numerous. With the number of 3.7 thousand they accounted for 74.9% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 65.5% of all businesses in the Poviat, and non-market services by 9.4% of firms. The percentage of firms from the industrial sector was 20.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails on average more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.2 thousand, which was only 4.2% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that nearly 60% of the firms in the region in 2008 came from three sectors: trading and repairing, services for housing and firms, and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[21] In 2008 in the Poviat of Białogardzki REGON register 454 new firms were registered, which gave 9.4 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: building 29.1%, trade and repairing sector 25.8%, services for housing and firms 15.9%, which is recently a generally observed tendency in the whole country.

Each year new firms are registered into and out of the REGON database. In 2008 in the Poviat of Białogardzki 331 firms were crossed out from the register. For 1000 people it gave 6.9 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, services for housing and firms, and industrial processing sector. However, it should be noticed that more firms were registered than checked out.

[21] *The Report on the condition of small and average firms in Poland in 2006-2007*. Prepared by Polish Business Development Agency, Warsaw 2007.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Białogardzki in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	351	410	454
for 1000 people	7,3	8,5	9,4
All checked out firms	158	312	331
for 1000 people	3,3	6,5	6,9

Source: *Own analysis based on the data from the Central Statistical Office.*

Using the shift-share analysis, the level of competitiveness of the Poviat of Białogardzki can be assessed. The level is referenced to the Zachodniopomorskie voivodship with respect to the number of national economy subjects according to the PKD classification code.

Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). The level of competitiveness of the area (KO) illustrating the differences between the growth rate in the Poviat in comparison to the voivodship is high, and its positive value shows high competitiveness of the Poviat. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the Poviat of Białogardzki in 2007 it was worth PLN 357.2 million and it was 1.6% of the total production sold in the voivodship. Compared to 2004 there was an increase in the production sold in the Poviat by PLN 133.5 million, and thereby the Poviat's contribution to the production sold in the voivodship also increased.

The industrial production sold for one person in the Poviat was in 2007 PLN 7388.00 (with the average for the voivodship PLN 13447.00). That gave the Poviat the 10-th place in the Zachodniopomorskie voivodship. The leading areas in industrial activity were the following Poviats: Goleniowski, Policki and Szczecinecki.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region. Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 persons in the Poviat of Białogardzki in 2007 amounted to PLN 144.4 million and were higher than those incurred in 2004 by about 161.1%.

The highest expenditures were incurred in the industrial sector, then in services (primarily in the market services) and agricultural sector. Since 2004 the expenditure incurred in agriculture and services decreased, while the industrial sector – increased. The volume of

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investments per capita equals to PLN 2986, and was higher than the average in the province and placed Białogardzki on 5-th place among other Poviats of Zachodniopomorskie, after Goleniowski, Policki, Myśliborski and Szczecin city.

Tab. 6. Investment and gross fixed assets in the Poviat of Białogardzki in 2004, 2006 and 2008

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	55,3	65,2	144,4	261,1
in % agricultural sector:	11,9	8,0	8,0	67,2
industrial	68,8	76,2	76,9	111,8
market services	18,8	14,6	14,5	77,1
non-market services	0,5	1,2	0,6	120,0
per capita in PLN	1143	1352	2986	261,2
The gross value of the asset in million PLN	627,1	651,7	701,9	111,9
in % agricultural sector:	4,0	5,3	4,7	117,5
industrial	66,3	63,8	65,6	98,9
market services	27,3	28,5	27,4	100,4
non-market services	2,4	2,4	2,3	95,8
Per capita in PLN	12976	13488	14544	112,1

Source: *Own analysis based on the data from the Central Statistical Office.*

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the district was PLN 701.9 million and was higher than in 2004 by 11.9%. The highest gross fixed assets were recorded in the industrial sector, then in services (primarily in the market services) and agricultural sector. Compared with 2004, the capital expenditure on agriculture increased, in the industrial sector decreased and in services remained unchanged. According to the gross worth of fixed assets per capita in 2007, Białogardzki Poviat was on the 12th place in the voivodship.

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities). In 2008, Białogardzki received for the execution of its tasks, 69.2 million PLN (about 69.5% more than at the beginning of the investigation period). It was PLN 1433.54 per capita – which was the most among the Poviats of earthly. Expenditures amounted to PLN 68.3 million of which investment expenditure property constituted 42.1%. The growth of expenditure in the Poviat (compared with 2004) was higher than revenues. Spending per capita placed the Poviat on the 1-st place among the Poviats of earthly.

The budgets of urban and rural districts of Białogard, Karlino and Tychowo in 2008 drew the joint income equalling to PLN 126.7 million and the amount of income per capita placed the Poviat on the 10-th place in the province. Municipalities issued PLN 126.6 million, in which property investments accounted for an average of 21.2% of the total expenditure budgets of these communes. Compared with 2004, the expenditure of municipalities increased slightly more slowly than their revenue.

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Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within the Poviat of Białogardzki in 2004, 2006 and 2008 in PLN

SPECIFICATIONS	2004	2006	2008	2004=100
Poviat budget revenue	40814422,00	37108227,84	69198189,30	169,5
per capita	843,45	769,23	1433,54	170,0
Poviat budget expenditure	39917648,00	37812023,13	68327527,66	171,2
per capita	824,92	783,82	1415,50	171,6
Revenue of municipalities' budgets	81590610,00	100533838,81	126746589,56	155,3
per capita	1686,10	2083,99	2625,73	155,7
Expenditure of municipalities' budgets	84757167,00	107230163,24	126629857,05	149,4
per capita	1751,54	2222,80	2623,31	149,8

Source: *Own analysis based on the data from the Central Statistical Office.*

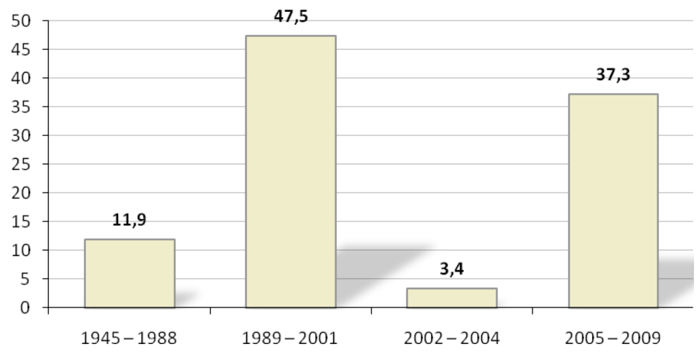
Own research results

A. The State and structure of the economic activity of the companies surveyed

Entrepreneurs and their companies – characteristics of the business

The number of registered traders in the Poviat of Białogardzki after 1989 systematically increases (fig. 2). The period 2005-2009 was especially dynamic in this respect. It was when the growth rate for new businesses was 37%. The decrease in the number of newly registered companies is clear for the years 2002-2004, namely in the downturn. The then stagnant country caused the deterioration of the situation on the labour market and economic instability of private initiatives.

Fig. 2. The year of founding a company



Source: *Own research.*

The economic crisis was visible both on a national and regional or local levels, as reflected in the results. During the period in question, in the Poviat of Białogardzki there arrived only 3.4% of new enterprises. Presented data refer to companies which still operate on the market, and they do not show the absolute increment of the number of companies in the district – obviously, at the same time some number of companies closed down. In principle it should be

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noted that the companies existing in the Poviat are those which have already had some experience and their activities began at the time when free market economy was being introduced to Poland, or such companies that have been present on the market for a short time – and because they emerged during the global prosperity it is difficult to determine how they will manage their businesses throughout a crisis.

With regard to the companies in the Poviat, micro-enterprises that employ to 9 employees strongly outweigh others and they account for 81.4% of all companies investigated, then come small companies – 10.2% and the average – 8.5%. Large companies were not represented in the study. Next, regarding the type of activities, single enterprises prevail – 67.8% and the remaining 32.2% goes to co-partnership companies (of which 15.3% limited liability partnerships, 6.8% civil associations and 5.1% of particular partnerships). So significant predominance of single firms may indicate a trend of changes on the local labour market – from employment, towards self-employment.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (characteristic for the whole country) predominance of companies supporting services market conducted in various industries – both as construction services, trade and services, social and personal, and others.

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and well educated staff is the key issue in this respect. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience goes education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows the dominance of people with secondary education – people with such education were hired by 31.1% of the respondents. The recruitment of people with higher education or vocational education by companies scored 24.5% each. Worryingly, some firms still employ people with primary education – 7.3%, gymnasium education – 6.6% and without education 6% –this gives a total of almost 20% share of companies that use workers without any acquired qualifications.

Presented data can be interpreted as follows – still very many companies build their businesses recruiting persons without education or the education at the primary level, which is related to the demand for unskilled workers. At the same time, it can be inferred that the majority of companies admitting to employing workers with secondary education and the balance of those with university and primary education shows that qualified workers were dominant in the personnel of the researched firms. These figures should however, be treated with caution, because in a situation of a large level of unemployment, some highly qualified people can be taken on to work on positions below their qualifications, which can imply that the recruitment of workers with higher education is not always mirrored in actual potential of the company.

Personnel traffic is an important indicator for the characteristics of the firms. In 2008 in the case of 16.9% of companies the employment declined, increased in 5.1% but in 78% of the surveyed companies there was no personnel traffic.

The main causes of a reduction in the number of workers were:

- the issues of external problem with

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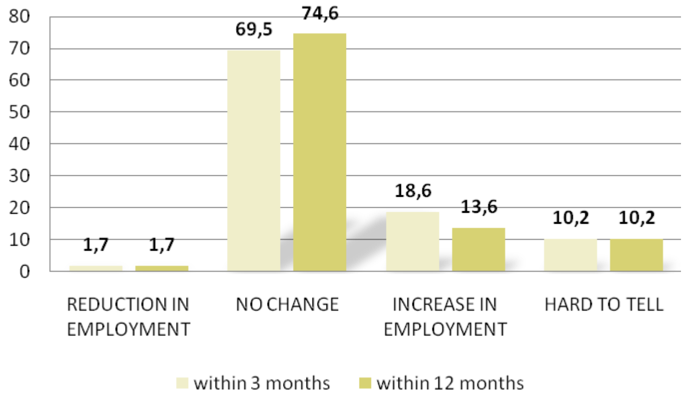
  - o disposal of products and services – 53.8%,
  - o unprofitability of the production and sales – 15.4%
  - o seasonal nature of work – 15.4%;
- the issues of internal problem with
  - o the lack of diligence of workers – 7.7%,
  - o the lack of qualifications – 7.7%.

In turn, the increase of employment in the company was due or the extension of the scope of their activities (66.7% expression), or the refund of the cost of employment (33.7%).

These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, also efficiently utilising the eventual grants allocated for this purpose. Apart from the objective, natural factors for traffic personnel another purpose for such moves can be striving for better adaptability of the companies to the permanently changeable socio-economic environmental conditions.

The declarative dynamism in employment within the next three months, and the nearest year is optimistic because only 1.7% of the surveyed plan to reduce the number of employees (primarily sellers – this is the likely effect of high rotation in jobs in this sector, for which the phenomenon of rapid burn is characteristic), as many as 69.7% or 74.6% don't plan changes in this regard, in turn, 18.6% or 13.6% declares the increase of employment, while 10.2% cannot predict changes in employment (fig. 3).

Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates. The reduction in employment is expected only in section G – wholesale and retail trade; repair of vehicles, motorcycles, and personal and household goods, which is compatible with earlier observations. That suggests that the reduction in employment refers primarily to resellers. A waiting attitude is dominant among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers. However, it should be noted that there are more companies which expected a future increase in employment than those expressing an opposite view. The biggest group expecting the growth in employment came from section O – services, social and personal services, and the others, as well as, already mentioned sector G – wholesale and retail trade; repair of vehicles, motorcycles

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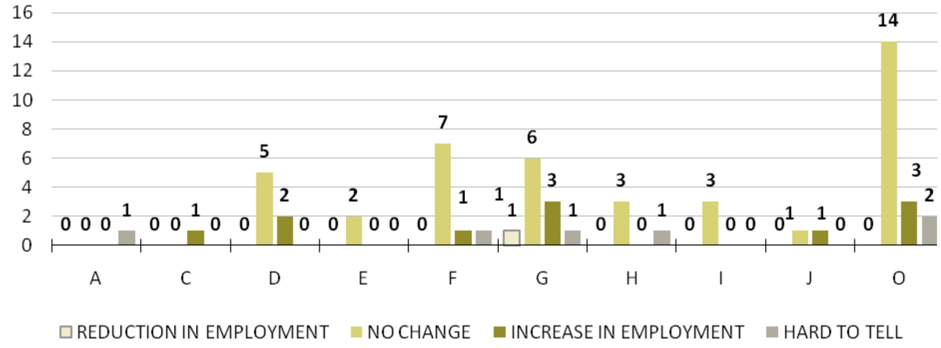
and personal and household goods. Some revival, which is supposed to boost employment, is expected to come from representatives of section D – industrial processing, C – mining and J – financial intermediation.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

The process of recruitment and employing new workers would primarily reinforce supporting services, for 50% of the surveyed declare the need for the employment of persons to the so called simple work, 25% for machinery operators and assemblers, and other specialities where new employees are planned to be recruited are professionals and salesperson, 8.3% each. Some respondents – 8.3% had difficulties with identifying the demand for concrete professions. Depending on the wanted specialities, professional qualifications and possible employees should have some previous experience in the job – 36.8%, at least secondary education and preferably compatible with the profile of the company – 26.3%, or vocational also in harmony with the profile of the company – 15.8%. In addition, companies seeking persons with special courses preparing them for given work – 10.5%, a driving licence cat. B – 5.3% and permissions for handling machinery and equipment – 5.3%. It is worth noticing that the above qualifications and professional skills are not disjoint requirements.

Recruiting new workers has mainly a traditional character (companies benefit from the assistance of Work Centres, from job announcements in newspapers, on the Internet) and somewhat a passive character (persons concerned come themselves to the company or are recommended by other people).

The company's development potential – companies-remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this, the so called sensitive variable, is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. However, the obtained responses suggest that the salaries during the past and current year were given some level of dynamism. In 2008 the salaries were increased in 16.9% cases, in 2009 the number has only been 1.7% of the surveyed (tab. 8).

It seems that unfavourable dynamism in respect of remuneration is the result of the current economic crisis and adopting by companies different anti-crisis strategies to stay on the

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market – and the simplest of these strategies seems to be freezing remuneration on an unchangeable level.

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	16,9	1,7
Were reduced	1,7	1,7
Unchanged	32,2	45,8
Refusal to answer	49,2	50,8

Source: *Own research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. It is of course an item cost-generating, but in the long term enhances business. A worrying signal is that up to 66.1% of the surveyed companies do not use this type of solutions. The remaining – 28.8%, declare using training but taking into account only essential training: practical science profession, finance, accounting, maintenance of machinery and equipment, the hygiene and safety at work place, quality system, insurance and loans. The situation in which companies do not invest in human resources, or not strengthen intellectual capital, always results in the lowering of development needs. However, this situation may be a consequence of the current economic crisis and the drastic looking for savings by enterprises.

Other significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and machinery park facilities used in the enterprise. The relatively new technologies being used in enterprises in the Poviat of Białogardzki show it in a favourable light. Over 47% of companies use modern technological lines purchased in 2008/2009 or within five years. Only 20.3% of companies use technological lines purchased before 2004. In terms of modernity procuring data are as follows:

- machines and modern devices – purchased in 2008/2009 – 22% of companies,
- machinery and equipment used from 3 to 6 years – 33.9% of companies,
- machinery and equipment used from 7 to 10 years – 11.9% of companies,
- machinery and equipment used over ten years – 6.8% of companies.

From the presented data emerges a picture of companies that keep pace with the challenges of the market, by adjusting their solutions to modern requirements. However, the fact that 25.4% of respondents could not specify the technological state of the machinery used in their company raises the concern that they did not want to admit to using in their companies outdated and old solutions which are generally disapproved of. This category cannot be firmly associated with the companies using the machinery and equipment older than 10 years. However, it can be assumed that a significant proportion of them are just such company.

B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Białogardzki the choice of location for their activity was determined by:

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- the residence of the owner – 36.89%,
- the opinion that Białogardzki is a good location – 26.21%
- the availability of markets – 16.50%,
- the availability of cheap labour – 10.68%,
- the availability of supply – 2.91%
- the matter of chance – 6.80%.

The predominant importance of subjective reasons for locating a business in the district (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market.

The presented data show that companies in the Poviat of Białogardzki knowingly or unknowingly apply a strategy for building a quality advantage, that is, they seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality (fig. 5). Some issue emerging from the answers of the surveyed was the inability to define the notion of competitive edge of a company (14%), even if this inability was displayed by employees, it is worrying that they do not have the knowledge of key topics for the company and its further development – as indeed gaining a competitive edge in some field allows the company to strengthen its position.

Most of the surveyed companies estimate their level of competitiveness as that of a local competitiveness – 52.9%. In the opinion of the respondents there are12.9% of companies with competitiveness on the Poviat level, and the same respondents feel competitive in relation to the entire country. The dimensions of European competitiveness – as felt by the researched – are very meagre – only 4.3% of respondents believe that they are competitive markets in the European Union.

Thus, the main competitors of the companies in the Poviat of Białogardzki are other local companies – 74.6%, and companies from Western Europe are seen as a potential competitor by 5.1% of the respondents, and non-European companies by 3.4%, and companies from the whole Poland – 1.7%. In the opinion of 3.4% of respondents in respect of their activities there is no pressure from the competition. The remaining respondents 11.9% couldn't answer this question.

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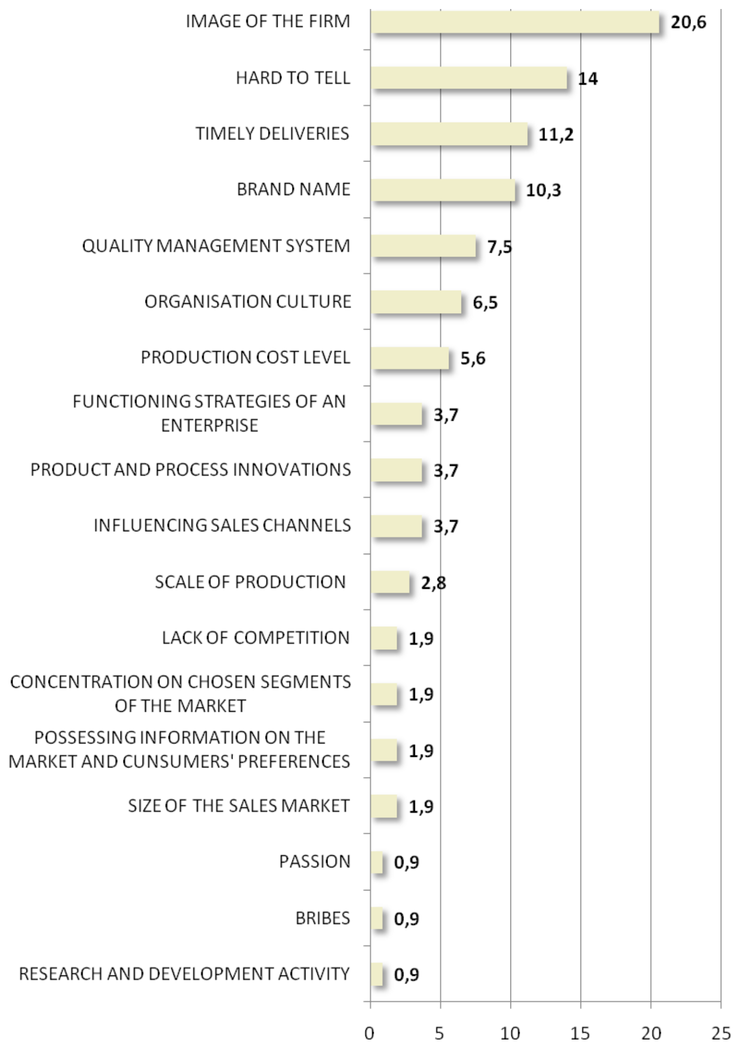
Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

As a result of the continuous changes in the socio-economic ambience the business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses.

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- inadequate domestic demand – 13%,
- heavy bureaucracy – 13%,
- strong domestic and foreign competition – 12%,
- high load on the budget – 6.5%,
- insufficient foreign market demand – 5.4%
- large distance from the outlets and supply – 3.3%,

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- uncertainty overall economic situation – 3.3%,
- no concept of development for cities/municipalities – 1.1%,
- the development of 'grey market' – 1.1%.

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications):

- difficulties in accessing funds necessary to operate – 4.3%,
- high fixed costs of maintaining – 3.3%,
- a poorly developed infrastructure – 3.3%,
- the lack of suitable machinery – 1.1%,
- the lack of professional staff – 1.1%.

Note the opinion of the respondents to the importance of constraints on their operation causes by the functioning of public institutions – they felt particularly affected by the heavy bureaucracy and high taxation of the State. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, with the frequent problems created by the State and its institutions.

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. Worrying is the fact that respondents in 26.3% have indicated that they do not take any concrete action in a crisis. This is a classical "ostrich strategy" consisting in "waiting for poor prosperity to pass by". It has, however, no essential cognitive values and ultimately results in taking a passive approach.

Other often undertaken efforts to overcome the crisis in the companies of the Poviat of Białogardzki are: reducing investment expenditure – 16.3%, or in general cessation of investment – 11.3%, the decrease in the level of employment – 11.3%, the reorganisation of the establishment – 6.3%, the reduction in wages – 6.3%, the decrease of working time in the employees' work contracts – 2.5%, the search for new orders – 2.5%, and sending employees to payless vacations – 1.3%. This means that to a great extent, the reaction to crises is restricting an aspect of activity, which is a passive strategy. Only 2.5% of the surveyed mentioned taking active steps to overcome a crisis – in this case, through the search for new jobs.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 39% of the surveyed conclude that the situation of the company during the last 6 months has not changed, and 22.1% say that it has clearly improved. However, the opposite opinion was voiced by 33.9% of the surveyed which is a relatively large group.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for the item and service – 62.1%
- increase in prices of materials and raw materials – 13.8%
- the change of the euro/zloty rate – 6.9%
- increase in fuel prices and energy – 3.4%
- change in terms of crediting – 3.4%
- the change of the Swiss franc/zloty rate – 3.4%
- the lack of qualified workers – 3,4%,

As for the factors benefiting the situation of the company the respondents mentioned:

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- the demand for goods and services – 58.3%,
- no financial commitments – 16.7%,
- prices of materials and raw materials – 8.3%
- successful investments – 8.3%.

From the received answers one can draw a strongly ambiguous situation – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in the economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

It is generally known that the companies function in a particular external environment – a socio-economic surrounding, whose quality affects the functioning of companies. By 50.9% of the surveyed the economic situation in the region during the last 6 months deteriorated, by 42.4% has not changed, and by 6.8% of the surveyed it improved. Respondents forecast how the economic situation in Zachodnipomorskie voivodship will change over the next 6 months. The results allow moderate optimism, negative scenarios predicting a deteriorating economic situation in Zachodniopomorskie voivodship were expressed by 22%, and 49.2% thought that the situation in the projected period would not change, 15.3% of the surveyed believes that it will improve. Clearly the rate of pessimistic views to optimistic ones with respect to assessing the situation has positively decreased.

Academically interesting is the attempt to observe the pace of changes in demand for services/products offered by the company in respect to the same period last year. The increase in the level of demand was mentioned by 17.5% of the surveyed, and the reduction by 35.1%, and the most numerous group cannot see any changes in the volume of demand – 40.4%. The investigated forecast changes in the demand for services and products in the context of the same period next year. The obtained distribution of variable points to the change of the situation, although still most (40.7%) considers that the volume of demand does not change, but an increasing number of replies indicate that the demand should rise (18.6%), in turn, there are considerably fewer persons awaiting the decline of it – 11.9%.

One of the major factors determining the development potential of companies is the level of investment. At 43.3% of companies there were not at all any investment instruments, but the companies of the Poviat of Białogardzki which do invest usually choose the following goods – ranked by the frequency of indications:

- equipment (furniture, appliances) – 34.3%,
- vehicles – 11.9%,
- buildings, land – 10.4%.

Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). Most respondents (40%) pointed out that the expenses incurred were in the bracket of PLN 50 000 to PLN 500 000, next groups of respondents declare increasingly lower amounts – more than 26% of the surveyed companies within the last 6 months invested in the development of their company less than PLN 5000. Without doubt, this suggests a small scale of

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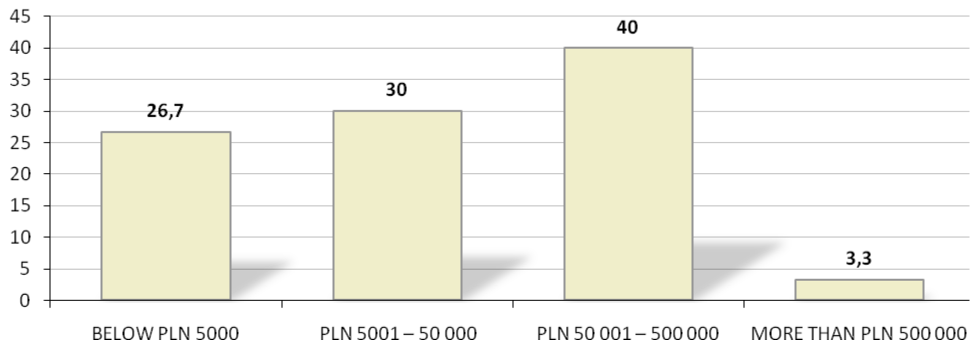
their operations, and its sector specificity – the firms involved in minor services mostly do not require costly equipment.

Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

The respondents also forecast possible investments in the course of the next six months. Resulting data (only declaratory) indicate a reduction in the level of investment. Most – 55.2% of surveyed did not intend to take action, 20.7% did not know whether to invest and only 24.1% of respondents declares that the company plans to make expenditure for the purchase, lease (leasing) or refurbishment of the vehicle(s), equipment, real estate (buildings, land).

On the basis of subjective experience respondents also made a forecast for the situation regarding their own company for the next 3 years. This time the results were what follows: 13.6% believes that their company will be similar to the present, pessimistic scenarios that the company will be worse than at present (5.1%), while 10.2% of surveyed believes that their company will fail in liquidation. The biggest group sees the future optimistically – 35.6% believing that it will be better than today. Unfortunately, it seems that this is unjustifiable optimism now when nearly half of companies have not invested in their development so far, and more than half did not intend to take action in the future, hence such positive estimate of one's own future position on the market can give rise to some reservations. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and in relation to the local or regional development. The benefits of adequately realised investments are obvious and usually mean strengthening the position of the company in the market. No investment always results in stagnation and being pushed out from the market.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel. The following information shows that companies operating in the region in question mostly do not have economic ties within local or global networks. Over 88% of the surveyed companies do not co-operate with other entities. Only 5.1% of companies realize economic relations on the basis of subcontracting, 3.4%, in the form of interoperability based on joint venture, while 1.7% of companies declare co-operation

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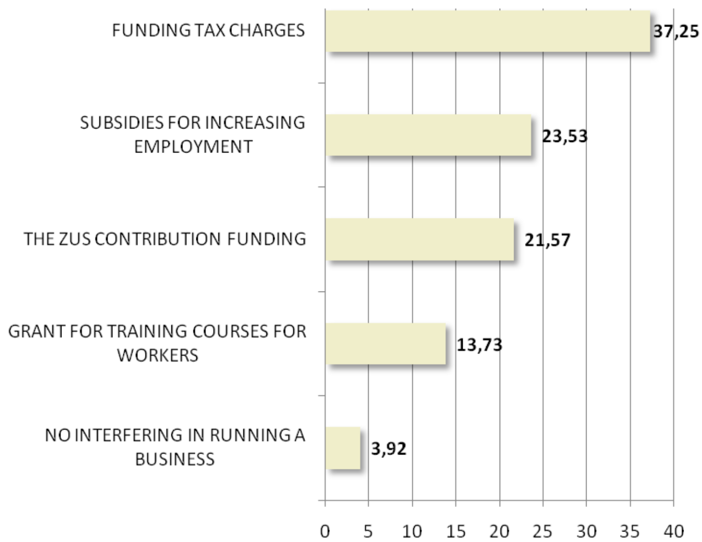
through associations or a group. The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in term of intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more worth than the sum of their potential concerned separately. The situation, however, appears to be more adverse, because the entrepreneurs from the Poviat of Białogardzki when asked to mention specific operators with which they co-operate, in 83.1% of cases, declare that they do not work with any other operator, just 6.8% of them have such contacts with other firms, 3.4% co-operate with the so called incubators of entrepreneurship and consultancy companies, and 1.7% with each self-governing units and the Government.

In addition, the potential of the companies from the Poviat is distorted owing to low use of support from public institutions. The vast majority – 79.7% of the respondents declare that it does not use the available forms of support, 8.5% of companies benefited from an increase in employment in the company and only 1.7% of companies use such forms of support as: grants for training courses for workers, funding to Social Insurance contributions (ZUS), procurement of people for secondments. As these data relate to the three previous years, their negative values are especially worrying. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. A partial answer to this question is the statement that almost 40% of the surveyed cannot indicate any form of support from the units of local self-government, which could help the company's activities. Among the respondents who preferred some forms of support, most (37.25%) expected tax levies subsidies (fig. 7).

Fig. 7. The desirable forms of support from the units of local self-government



Source: *Own research.*

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The extent of economic exchange

Exchange enterprise conducted by members of the trade in the discussed Poviat is limited spacewise 86.4% of the surveyed companies did not have any international exchange experience, 6.8% of them had some goods or services export experience, 5.1% of them had goods or services import experience, and 1.7% of the respondents had both export and import of goods or services experience. The few companies which do export their products sent them mainly to: Germany, Italy, France, the Netherlands, the United Kingdom and Ukraine. According to forecasts by 40% of the surveyed, the exports over the next 6 months will increase, the same percentage of respondents think that it will remain unchanged, and 20% of respondents expects the decline.

Innovation in enterprises

The innovation activity of businesses in the area of Poviat of Białogardzki is low. Only 16.9% of companies declare that in the period of 2007-2009 applied some innovations, the remaining 83.1% did not take any innovative activities. In respect of the companies which applied some form of innovation, the source of their innovation was: (listed due to the declining number of indications):

- purchase technology,
- copying ideas and solutions from competition,
- introducing innovation by partner/ co-owner.

This means that the companies in the region do not have their own resources to develop their own innovations. Therefore, there is no company which would take the role of the leader in introducing the new solutions.

The main reason for applying innovation on such a small scale is the inability to finance innovative businesses – 32.2% of answers, additional reasons are: too large risks associated with the implementation of innovation – 15.3%, and the lack of potential interest in new products/services from client – 6.8%.

Activating entrepreneurs of the Poviat in question has more chances of success, in the context of co-operation with other entities for taking innovative actions. Respondents rightly suggest putting into practice low-level initiatives like the creation of programmes to promote technological development at the level of municipalities, development of institutional infrastructure in mediation and the transfer of technology and building an information system dealing with current needs of technological companies. However, it should be noted that the surveyed firms are the part of modern information systems – which is a routine in highly developed economies, and in this respect the examined companies equalled with their foreign counterparts, with 100% of the respondents declaring to be using the Internet, having their own websites, continually benefiting from various types of search engines and Web browsers and e-mail.

The mobilization and use of funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development activities boosting the performance of Polish companies on those markets is possible by running specific resources that are not always in the possession of micro and small enterprises. One way to mobilise those resources is financing from various EU funds.

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The picture which emerges from the analysis of the situation is rather pessimistic. Unfortunately, 79.7% of the surveyed companies in the Poviat of Białogardzki have never used EU structural funds. The remainder admits to having used the funds primarily for the development of technical infrastructure – 6.8%, for the purchase of land and real estate – 3.4%, and to increase employment and economic activity – 1.7%.

Such a low level of the use of funds is not caused by a lack of knowledge needed in this regard, neither by the poor access to information on raising EU funds (this was only 3.4% of cases), but primarily by the lack of interest in this type of proposals – 45.8%. On the other hand, the entrepreneurs who use EU grants defined the barriers limiting their effective mobilising of the resources (the following factors are organized by declining importance):

- bureaucracy and ambiguity of EU request forms – 31.5%
- short term preparation – 13.0%,
- limited access to information about programs – 13.0%,
- the necessity of own contribution – 8.7%,
- the lack of appropriate EU programmes – 4.3%.

Other responses: the cost of preparation of applications, too long a waiting period between the dates of using the support, corruption referred to as "too high bribes" was indicated only by individuals.

As it is clearly seen then, that the so far experience in raising funds from the European Union by the entrepreneurs in the Poviat of Białogardzki is not very positive. A significant proportion of the companies, indeed, has no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of Białogardzki in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the district, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

– the slow decline of population caused by the drainage of population from the Poviat;
– changes in the population age structure – permanently decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over
– the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause

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some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

- the increment of the rate of the number of working for 1000 people, which can suggest greater employing propensity of firms,
- the growth in average monthly gross salaries,
- a systematic decline in the number of unemployed people, however, the unemployment rate in 2008 in the Poviat was the highest in the voivodship.
- deficit professions in 2008 were only those from such profession groups like: precise mechanics, ceramics and printing. There was no balance in any group. Apart from the aforementioned, all remaining groups had a job surplus. The highest surplus appeared in the case of such groups as: farmers and fishermen working for their own needs, vocational teachers and instructors, managers of small and medium-size companies, and big organisation managers.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential. However, there were clear indications of the economic upturn, evident from the analysed economic indicators like:

- growth in the number of economic subjects, including commercial companies which are so important for the economic development,
- the increase of the industrial production sold,
- the increase of the Poviat's participation in creating administrative value sold,
- the increase of investments in companies (by up to 161.1%),
- higher than in 2004, the gross value of fixed assets,
- the income and expenditure budgets of the Poviat per capita which gave the Poviat of Białogardzki the 1-st place among the Poviats of earthly in the voivodship.

Another conclusion from this analysis is that the development of entrepreneurship in the district will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristic of companies located in the Poviat of Białogardzki, and developed on the basis of our own research allows to indicate some characteristic features for this group. The surveyed firms are engaged primarily in service sectors, the commonest being microenterprises, registered in the form of natural person businesses. Young enterprises, created during the global downturn, whose activities are centred on the local market, seem to have a significant proportion in the structure of the surveyed companies.

Still a large potential of labour, deposited in employers, is constituted by people with primary education or no education. In addition, during the year there was a significant decrease in the dynamics of salary increment, which had an impact on lives of workers, but also on the competitiveness of local entrepreneurs in the labour market – it will be difficult to acquire or retain skilled labour.

The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail. Although in the past period the redundancy rate was high, the expectations about the future are optimistic, because more companies expect an increase in employment rather than its reduction. In addition, it should be noted that the employer's requirements regarding the employees' qualifications are not very high, most vacancies are positions related to the performance of simple jobs.

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Considering the respondents' answers, it can be concluded that business activity is hampered by both market factors and administrative factors (too heavy bureaucracy) and positive examples of the support obtained from public institutions were rare. From the voices coming from representatives of companies it is clear that for most of them the State (and its different agencies) does not have any interesting forms(or at least it is not known) of supporting business enterprising. Generally the company's focus is primarily on consolidating its place on the market, and the co-operation and partnership with other enterprises or public institutions are rare occurrences.

One of the most serious problems defining the situation of the companies from the Poviat is the prospective limiting of expenditure on development. One of the consequences of small financial resources available to most of the surveyed companies is an almost complete lack of innovative solutions used in businesses.

It should be noted that the situation of companies and their prospects for development should not be seen solely in the context of economic considerations. When planning activities whose purpose is to support the development of the economy, you must also take account of the phenomena from a social sphere. It seems that the key problem areas include relationships of entrepreneurs with their employees as well as with public institutions and with the business environment. It seems to be advocating action to change the mentality of many entrepreneurs and executives – also in relation to practical aspects of running a business, of administrative governance, of strategic planning, etc. It is also worth noticing that there must be some breakthrough in the antagonisms occurring now between different groups composing the economy environment (e.g. entrepreneur-workers, entrepreneurs-officials, entrepreneurs-banks).

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate on much different rules from those of small and medium companies;
2) a series of institutional and procedural barriers need removing in the process of setting up and running a business
3) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
4) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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2. The Poviat of Drawski

Introduction

Territorial Division

The Poviat of Drawski is situated in the south-eastern part of the Zachodniopomorskie voivodship. It borders with the neighbourig Poviats: Choszczeński, Łobeski, Stargardzki, Szczecinecki, Świdwiński and Wałecki. In 2008 it covers the area of 1764 km^2, which accounts for 7.7% of the area of the whole voivodship, and has the population of 57.5 thousand which is 3.4% of the total voivodship population. With these figures the Poviat of Drawski ranks on the 2nd (together with the Poviat of Szczecinecki) and 10-th place (together with the Poviat of Sławieński) in the whole voivodship.

The Poviat consists of six communes: an urban-rural Czaplinek, Drawsko Pomorskie, Kalisz Pomorski and Złocieniec commune and rural area: Ostrowice and Wierzchowo communes. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 95.5% and put this Poviat on the 14-th place in the voivodship (together with the Poviat of Stargardzki). Consequently, the urban area ratio was on the level of 4.5% which meant the 4-th place in the voivodship.

In the whole Poviat there are 187 towns and villages with the proportion of 183 villages and only four towns: Czaplinek, Drawsko Pomorskie, Kalisz Pomorski, and Złocieniec. Drawsko Pomorskie is the capital of the Poviat.

Fig. 1. Administrative borders of the Poviat of Drawski
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect

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to all entrepreneurs taking part in the research. In the analysed population, the gender regression is somewhat asymmetrical: 54.5% of men and 45.5% of women. The shape of the next variable points to the majority of people in older age group but below 60. With regard to all respondents, most of them had a secondary education – 53.2%, and tertiary education – 24.7%, a vocational education – 19.5%, and primary education – 2.6%. The last variable is the job or post they hold. Thus there were 79.2% of firm owners, 1.3% for both groups: chief accountants, and chairpersons and directors, 1.4% HR workers and 14.3% of people responsible for talks in the company.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 the Poviat of Drawski population decreased by 1.7%. According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

the Poviat of Drawski belongs to the most sparsely populated areas, the average population density rate in 2008 was 33 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level.

In 2008 the Poviat of Drawski all city population was 35.6 thousand people, which in turn determined the urban demographic rate on the level of 61.9%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, the Poviat of Drawski seems to be a region of low urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rates, the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in the Poviat of Drawski in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	58510	58123	57523
Urban demographic rate	61,5	61,6	61,9
Rural demographic rate	38,5	38,4	38,1
Population density per 1 km^2	33	33	33

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological age groups (0-14, 15-64, and 65-plus). This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 1.4 thousand, and its general ratio to the total population of the region fell from 18.4% in 2004 to 16.3% in 2008. In the next age group, i.e. age 15-64, there was an increase from 41.2 thousand to 41.6 thousand in the respective years. However, the ratio of this group to the total population increased from 70.4% to 72.3%. The last age group population, i.e. age 65-plus decreased by 0.3% but its ratio to the total population went up from 11.2% to 11.4%. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Poviat of Drawski the percentage of people in the pre-productive age group was 20.5% (in the voivodship – 19.1%), in the productive age group – 65.6% (65.9% in the voivodship) and in the post-productive age group – 13.9% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 2.0%) and post-productive age group (by 0.9%), and a simultaneous decrease in the pre-productive age group (by 2.9%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in the Poviat of Drawski 600 new children were born, which accounted for a 1.5% decrease to the year 2004. For each 1000 people in the Poviat in 2008 there were 10.2 live births (10.8 in the voivodship) and it was the same as in 2004. The next factor having an influence on the future demographic processes is the death rate in a given area. In the years 2004-2008 in the Poviat in question there was a significant increase of the death rate by 21.2%. For each 1000 inhabitants in 2008 there were 10.2 deaths (9.7 in the voivodship), and only 8.3 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Drawski in all the years in question amounted to over 50%.

The demographic growth, based on the number of live births and the number of deaths in the Poviat of Drawski in 2008 was 0 and compared to that from 2004 (114 people) had decreased. After conversion for each 1000 people, the growth ratio was on the level of 0.0 (1.1 in the voivodship), whereas in 2004 it had a negative value of -1.9.

Tab. 2. Natural migration of people in the Poviat of Drawski in the years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	10,2	9,5	10,2
Total death rate for 1000 people	8,3	9,1	10,2
Natural growth rate for 1000 people	1,9	0,5	0,0

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the Poviat of Drawski in 2008 the total migration rate was negative and amounted to -307 people, which was caused by the outflow of people to other Poviats in the voivodship or going abroad. For each 1000

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people in the Poviat the migration rate was negative (-5.3 people), and was higher than in the voivodship (-0.8 people).

The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Poviat of Drawski in 2007 there were 8.9 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 22.0%. In the analysed period there was a significantly bigger increase in the employment of women (by about 30.2%).

For each 1000 people in 2007 there were 154 people employed in the firms with nine and more workers, which ranked the Poviat on the 11-th place in the voivodship (with the average rate for the Zachodniopomorskie Voivodship 193 employed in nine-plus firms for each 1000 people). The analysis of the employment rate shows its growth compared to 2004 (both in the Poviat and the voivodship on similar levels), which can suggest: firstly, the increased willingness on the part of local business to employ new workers, and secondly, a sustainable socio-economic development of the area.

Tab. 3. Workers and salary in the Poviat of Drawski in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	7309	8839	8918	122,0
men	3809	4315	4361	114,5
women	3500	4524	4557	130,2
Workers together with individual agriculture	8789	10319	10398	118,3
in% of the agricultural sector	23,6	20,2	20,5	86,9
industrial	31,0	35,9	36,1	116,5
supporting	45,5	43,9	43,4	95,5
Average monthly gross salary of PLN	1936,31	1949,77	2158,84	111,5

Source: *Own analysis based on the data from the Central Statistical Office.*

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Poviat of Drawski in

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2007 the number of people employed was 10.4 thousand. The employment structure sorted by economic sectors shows that 20.5% of the employed worked in agriculture (11.8% in the voivodship), 36.1% in industry and 43.4% in services. Since 2004 the employment in the industry sector slightly increased, and it did so at the expense of the service sector (a smaller drop) and in agriculture (a bigger drop).

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was PLN 2158.84 and it was more than in 2004 by about 11.5% (in the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by about PLN 457.00). With respect to the pay rate, the Poviat was on the 17-th place.

In The Poviat of Drawski, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 4767 people unemployed (in which women made 53.8%). Since the beginning of the analysed period the number of unemployed dropped by 45.1% (only 54.8% in the voivodship), and the drop referred mainly to female workers. 42.8% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the decrease – the percentage of unemployed people living in villages was lower than in 2004.

The registered unemployment rate in the Poviat in 2008 was 23.9% (with the average for the voivodship 13.4%) and it gave the Poviat the 19-th place in the Zachodniopomorskie voivodship (before Łobeski and Białogardzki Poviats). By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a slight decrease of the unemployed not entitled to state welfare money (by 6.0%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still worryingly big – in 2008 it was 72.9% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 6.0%) and aged 45-54, and decrease in the age group below 24 and aged 35-44. There were also more unemployed people with a general secondary, gymnasium education, primary education and university education, and fewer unemployed with a vocational education, and, as well as post-secondary and secondary vocational education.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and job offers made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in the Poviat of Drawski were only found in such big professional groups as: vocational teachers and instructors, trade and services, office support staff and other specialities. There was a balance in the case of the following groups: mining, industry and construction auxiliary workers, big organization and executives of small and medium-sized factories. The highest surplus went to such groups as: farmers and fishermen working for their own needs, medium level personnel in agriculture and health services, and then farmers, gardeners, foresters and market oriented fishermen. In comparison to 2004 the average surplus

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intensity rate hardly increased, which means only a small improvement for the unemployed on the job market.

Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In the Poviat of Drawski in 2008 in the REGON register there were 5.9 thousand firms and businesses which accounted for only 2.8% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 5.5% (the same in the voivodship). From among all businesses operating in the area in 2008 over 95% came from the private sector.

Considering the competitiveness of the Poviat of Drawski with regard to the business saturation, it only ranks on the 13-th place in the voivodship. On average, the Poviat has 103.3 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Drawski is a weakly developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Poviat of Drawski in 2004, 2006 and 2008

SPECIFICATION		2004	2006	2008
All economic subjects		5636	5922	5945
for 1000 people		96,3	101,9	103,3
by economic sectors in %	agriculture	7,1	7,0	6,7
	industry	17,8	18,6	20,2
	services	75,2	74,5	73,1

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 96% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 2.7%, and average businesses only 0.6%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro businesses in the Poviat increased, and that of average and small businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status, it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat of Drawski was represented by natural persons running their own businesses (79.5%), with the next place going to trade companies with 2.9%, associations and social organisations with 2.5%, co-operatives with 0.5%, and foundations with 0.1%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 30.1 trading companies for 10000 people in the Poviat, giving it the 17-th place in the voivodship. Compared to 2004, the number increased by 6.8%. By the same token, the saturation of a region with companies having partly

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foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 55 such companies in the region, which, when set against 10000 people, gave 9.6 units. Companies with foreign capital accounted for 31.8% of all trading companies in the Poviat, and their number compared to 2004 decreased by 3.5%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Poviat of Drawski the firms from the service sector were the most numerous with the number of 4.3 thousand they accounted for 73.1% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 63.6% of all businesses in the Poviat, and non-market services by 9.5% of firms. The percentage of firms from the industrial sector was more than 20.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails, on average, more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.4 thousand, which was only 6.7% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that over 57% of the firms in the region in 2008 came from three sectors: trading and repairing, services for housing and firms, and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[22] In 2008 in the Poviat of Drawski REGON register 434 new firms were registered, which gave 7.5 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: building 26.0%, trade and repairing sector 23.0%, services for housing and firms 10.1%, which is recently a generally observed tendency in the whole country.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Drawski in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	372	449	434
for 1000 people	6,4	7,7	7,5
All checked out firms	263	339	401
for 1000 people	4,5	5,8	7,0

Source: *Own analysis based on the data from the Central Statistical Office.*

[22] *The Report on the condition of small and average firms in Poland in 2006-2007*. Prepared by Polish Business Development Agency, Warsaw 2007.

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In 2008 in the Poviat of Drawski 401 firms were crossed out from the register. For 1000 people it gave 7.0 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, services for housing and firms. However, it should be stressed that more firms were registered than checked out.

Using the shift-share analysis, the level of competitiveness of the Poviat of Drawski can be assessed. The level is referenced to the Zachodniopomorskie voivodship with respect to the number of national economy subjects according to the PKD classification code. Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). The level of competitiveness of the area (KO) illustrating the differences between the growth rate in the Poviat in comparison to the voivodship is average. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the Poviat of Drawski in 2007 it was worth PLN 338.9 million and it was 1.5% of the total production sold in the voivodship. Compared to 2004 there was an increase in the production sold in the Poviat by PLN 132.0 million, and thereby the Poviat's contribution to the production sold in the voivodship also increased.

The industrial production sold for one person in the Poviat was in 2007 PLN 5841.00 (with the average for the voivodship PLN 13447.00). That gave the Poviat the 15-th place in the Zachodniopomorskie voivodship. The leading areas in industrial activity were the following Poviats: Goleniowski, Policki and Szczecinecki.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 persons in the Poviat of Drawski in 2007 amounted to PLN 50.8 million and were lower than those incurred in 2004 by about 4.9%.

The highest expenditures were incurred in the industrial sector, then in services (primarily in the market services) and agricultural sector. Since 2004 the expenditure incurred in the agriculture sector decreased, while in industrial and services – increased. The volume of investments per capita equals to PLN 878, and was much lower than the average in the province and put Drawski on the 18-th place among other Poviats of the Zachodniopomorskie voivodship, before Koszaliński, Pyrzycki and Choszczeński.

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The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the district was PLN 530.0 million and was higher than in 2004 by 11.1%. The highest gross fixed assets were recorded in the industrial sector, then in services (primarily in the market services) and agricultural sector. Compared with 2004, the capital expenditure on agriculture decreased, in the industrial sector and in services increased. According to the gross worth of fixed assets per capita in 2007, the Poviat of Drawski was on the 17-th place in the voivodship.

Tab. 6. Investment and gross fixed assets in the Poviat of Drawski in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	53,4	39,3	50,8	95,1
in % agricultural sector:	39,3	24,2	10,4	26,5
industrial	53,8	59,5	69,3	128,8
market services	6,7	14,8	17,9	267,2
non-market services	0,2	1,5	2,4	1200,0
per capita in PLN	913	677	878	96,2
The gross value of the asset in million PLN	596,2	496,9	530,0	88,9
in % agricultural sector:	33,9	10,7	9,8	28,9
industrial	43,2	58,0	66,2	153,2
market services	20,6	25,1	17,9	86,9
non-market services	2,3	6,2	6,1	265,2
Per capita in PLN	10190	8549	9156	89,9

Source: *Own analysis based on the data from the Central Statistical Office.*

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities).

In 2008, the Poviat of Drawski received for the execution of its tasks, 47.3 million PLN (about 41.2% more than at the beginning of the investigation period). It was PLN 819.85 per capita, which was the 11-th place among the Poviats of earthly. The expenditures amounted to PLN 45.4 million of which investment expenditure property constituted only 6.6% (16.7% in the voivodship). The growth of expenditure in the Poviat (compared with 2004) was higher than the revenues. Spending per capita placed the Poviat on the 15-th place among the Poviats of earthly.

The budgets of districts of the Poviat of Drawski in 2008 drew the joint income equalling to PLN 169.6 million and the amount of income per capita placed the Poviat on the 5-th place in the province. Municipalities spent PLN 173.4 million, in which property investments accounted for an average of 16.8% of the total expenditure budgets of these communes. Compared with 2004, the expenditure of municipalities increased more slowly than their revenue.

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Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within the Poviat of Drawski in 2004, 2006 and 2008 in PLN

SPECIFICATIONS	2004	2006	2008	2004=100
Poviat budget revenue	33508829,00	39074283,13	47309395,98	141,2
per capita	573,04	672,85	819,85	143,1
Poviat budget expenditure	32704000,00	42677461,77	45375493,41	138,7
per capita	559,27	734,89	786,34	140,6
Revenue of municipalities' budgets	114221483,00	146449309,47	169564406,07	148,5
per capita	1953,31	2521,81	2938,47	150,4
Expenditure of municipalities' budgets	123315517,00	175132989,05	173424582,30	140,6
per capita	2108,82	3015,74	3005,36	142,5

Source: *Own analysis based on the data from the Central Statistical Office.*

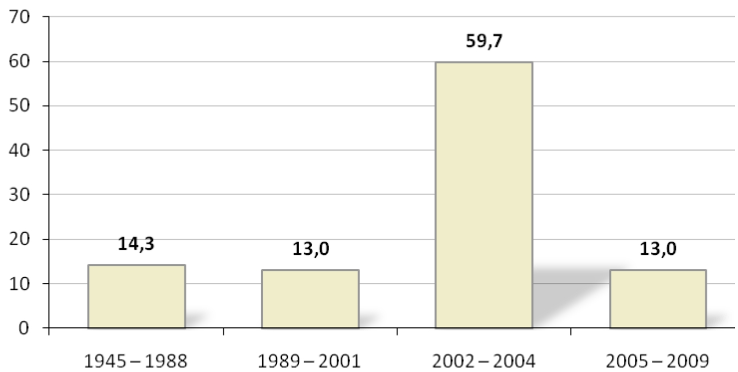
Own research results

A. The State and structure of the economic activity of the companies surveyed

Entrepreneurs and their companies – characteristics of the business

The number of registered traders in the Poviat of Drawski after 1989 have been systematically increasing (fig. 2). Particularly intensive in this respect were years 1989-2001, when the number of new enterprises went up by 59.7%. Since 2002 there is a notable decrease in the number of newly registered companies. In the years 2002-2004 and 2005-2009 there appeared another 13% and 14.3% of companies. Particularly unaccountable is the lack of increase during the period 2005-2009, when the wave of global prosperity gave rise to many local new ventures. However, the presented data are companies which still operate on the market, and do not show the absolute increment of the number of companies in the Poviat – obviously at the same time a certain number of companies closed down. In principle it should be noted that the companies presently operating in the Poviat are mainly those which have already had some experience and which started when free market economy was being introduced to Poland.

Fig. 2. The year of founding a company



Source: *Own research.*

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With regard to the companies in the Poviat, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 84.4% of all companies investigated, then come small companies – 10.4% and the average – 3.9%. Large companies were represented by 1.3%. Next, regarding the type of activities, single enterprises prevail – 81.8% and the remaining 18.2% goes to co-partnership companies (of which 7.8% limited liability companies, 6.5% civil associations, 2.6% particular partnerships and 1.3% of partnerships). So significant predominance of single firms may indicate a trend of changes on the local labour market – from employment, towards self-employment. Undertaking a business activity by individuals not having a legal personality enables relatively quick adapting to local and regional market conditions, and it requires relatively low start-up recourses and allows the owner to achieve the whole profit, while taking the total liability for the functioning of the enterprise.

The structure of operators, consistent with the PKD classification (Poland’s classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies from services-manufacturing and agricultural markets. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of Drawski are as follows:

- commercial sector – 23.4%
- industrial processing sector – 15.6%
- agriculture, hunting and forestry sectors – 15.6%
- construction sector – 10.4%
- transport, storing, communication sector – 10.4%
- real estate sector, renting and business services – 9.1%
- service sector – 6.5%
- hotels and restaurants sector – 5.2%
- companies in financial intermediation – 3.9%

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows the dominance of people with secondary education – people with such education were hired by 26.1% of the respondents. The recruitment of people with higher education or vocational education by companies scored 15.2% each. The remaining percentage of the surveyed (2.1%) are the respondents employing workers with primary education or without education.

It can be inferred that the majority of companies admitting to employing workers with secondary education and the balance of those with university and primary education shows that qualified workers were dominant in the personnel of the researched firms. These figures should however, be treated with caution, because in a situation of a large level of unemployment, some highly qualified people can be taken on to work on positions below their qualifications, which can

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imply that the recruitment of workers with higher education is not always mirrored in actual potential of the company.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Drawski in 2008 in the case of 14.3% of companies the employment declined, then increased in 11.7% but in 74% of the surveyed companies there was no personnel traffic.

The main causes of the reduction in the number of workers were:

- the issues of external problem with
  - disposal of products and services – 38.5%,
  - unprofitability of the production and sales – 7.7%
  - seasonal nature of work and crisis – 7.7%;
  - economic crisis – 3.9%
- internal issues:
  - retirement of workers – 7.7%
  - financial problems of the firm – 1.3%
  - maternity leave – 1.3%

In turn, the increase of employment in the company was due to the increasing demand for the products or services – 53.8% or the extension of the scope of their activities – 38.5%, moreover, in the case of 7.7% of the surveyed companies the increase in employment was closely linked with opening new stores.

These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, also efficiently utilising the emerging market gaps. Apart from the objective, natural factors for traffic personnel another purpose for such moves can be striving for better adaptability of the companies to the permanently changeable socio-economic environmental conditions. It is worth stressing that large personnel fluctuation is not a favourable factor to business efficiency and indeed has negative consequences for companies.

The declarative dynamism in employment within the next three months, and the nearest year is optimistic because only 1.3% or 5.2% of the surveyed plan to reduce the number of employees, as many as 81.8% or 71.4% don't plan changes in this regard, in turn, 11.7% or 9.1% declares the increase of employment, while 5.2% or 14.3% cannot predict changes in employment (fig. 3).

By analyzing listed above data you can see a slight increase in the number of companies that expect to make redundancies in the long term, and the decrease of those declaring to lower the current levels of employment and a clear increase of those who do not have an opinion in this regard.

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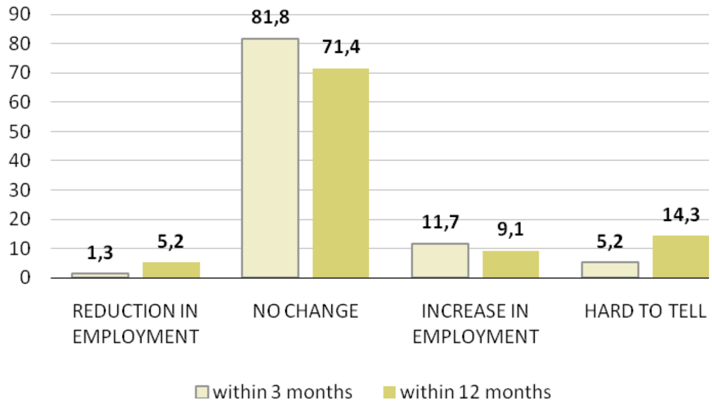
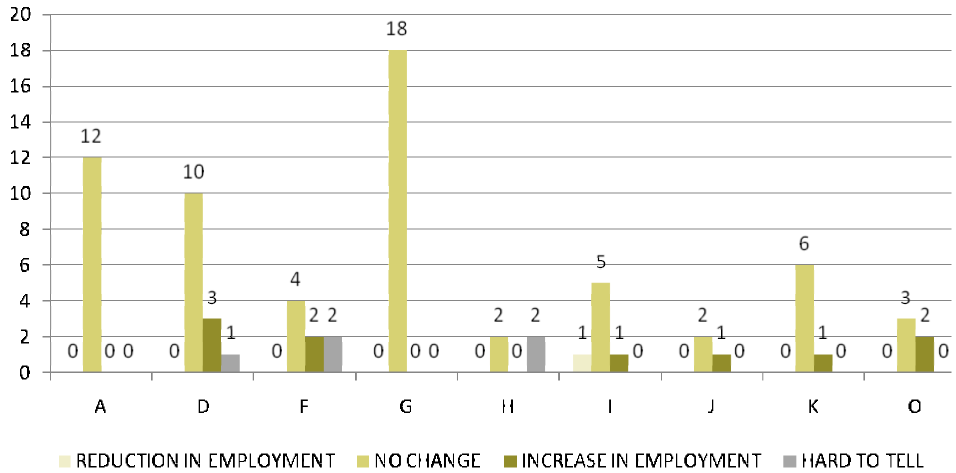
Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates (fig. 4). The reduction in employment is expected only in one firm in section I – transport, storing, communication. A waiting attitude is dominant among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers. However, it should be noted that there are more companies which expected a future increase in employment than those expressing an opposite view. The biggest group expecting the growth in employment came from section D – industrial processing and O – services, social and personal services. Some revival, which is supposed to boost employment, is expected to come from the business representatives of different sections in the region, the worst in this respect is the situation in section A – agriculture, hunting and forestry, G – wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods, H – hotels and restaurants, where full stagnation is expected.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

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The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the Poviat of Drawski the need for specific professions is what follows: industrial workers and craftsmen were wanted by 30% of the surveyed entities; services staff and salespersons by 20%; machinery operators and assemblers also by 20% of the respondents. In addition, 10% of the surveyed companies intend to recruit physics, mathematics and engineering related specialists; business specialists and office workers. The nature of the demand indicates also the specific qualifications of the future employees. And so, the most desired by employers characteristics of potential employees are: previous experience in the profession – 27.8%, technical secondary education in accordance with the job's profile – 22.2%, special courses preparing for the job – 16.7%, higher education, in the field of the company's profile – 11.1%, primary vocational education compatible with the company's profile – 11.1%, a driving licence for vehicles of category B – 5.6% and 5.6% of respondents are looking for people with computer literacy. It should be noted that the above qualifications and professional skills are not disjoint characteristics.

Obviously, seeking new employees may be done internally (the so-called internal recruitment), and by external recruitment (seeking employees on an external labour market). With regard to the Poviat of Drawski the analysis refers to the external recruitment process. Businesses actively seeking new employees are using traditional intermediary forms in this area, mostly with the assistance of UP (the Work Centre) – 24.6%, and announcements in the newspapers – 4.1%. The recruitment can also have a passive form, in which case employees come to the company themselves – 15.3%, or trade them others – 10.2%).

The company's development potential – the company's remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this is the so called sensitive variable, which is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. However, the obtained responses suggest that the salaries during the past and current years were given some level of dynamism. In 2008 the salaries were increased in 11.7% cases, in 2009 the number has only been 3.9% of the surveyed (tab. 8).

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	11,7	3,9
Were reduced	2,6	0
Unchanged	51,9	59,7
Refusal to answer	33,8	36,4

Source: *Own research.*

It seems that the unfavourable dynamism in respect of remuneration is the result of the current economic crisis and adopting by companies different anti-crisis strategies to stay on the market – and the simplest of these strategies seems to be freezing remuneration on an unchangeable level or, if need be to cut costs – reducing wages. A relatively positive indicator

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regarding the future salary trends in the Poviat of Drawski is the fact that there has been no salary reduction in the year 2009.

An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human resources management. It is of course a cost-generating item, but in the long term enhances business. In the Poviat of Drawski a worrying signal is that up to 70.1% of the surveyed companies do not use this type of solutions. The remaining – 27.3%, declare using training but taking into account only essential training: accounting, finance, management, marketing, and sales and customer services. They are to some extent investments in the company, rather than investment in human capital – developing employees. The situation in which companies do not invest in human resources, or not strengthen intellectual capital, always results in the lowering of development needs. However, this situation may be a consequence of the current economic crisis and the drastic looking for savings by enterprises.

Today, in the time of rapid growth of the importance of technology in the functioning of societies, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. Relatively new technologies being used in enterprises in the Poviat of Drawski show it in a favourable light. Over 43.8% of companies use modern technological lines purchased in 2008/2009 or within the last five years. Only 13.0% of companies use technological lines purchased before 2004.

In terms of modern technology procurement, the data are as follows:

- machines and modern devices – purchased in 2008/2009 – 23.7% of companies,
- machinery and equipment used from 3 to 6 years – 46.1% of companies,
- machinery and equipment used from 7 to 10 years – 18.4% of companies,
- machinery and equipment used for over ten years – 3.9% of companies.

From the presented data emerges a picture of companies that keep pace with the challenges of the market, by adjusting their solutions to modern requirements.

B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Drawski the choice of location for their activity was determined by:

- the residence of the owner – 40.5%,
- the opinion that the Poviat of Drawski is a good location – 22.8%
- the availability of markets – 15.2%,
- the availability of cheap labour – 10.1%,
- the availability of supply – 6.3%
- the matter of chance – 5.0%.

The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors

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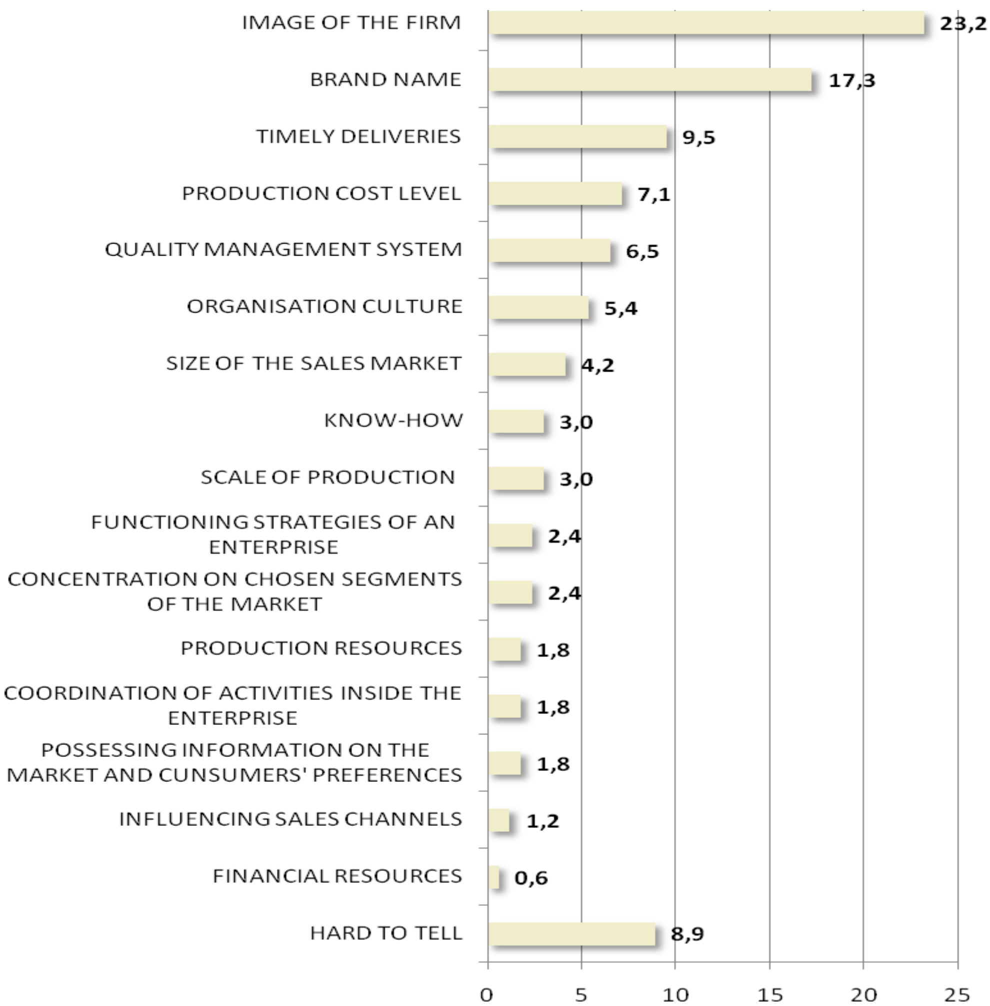
conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market. The presented data show that companies in the Poviat of Drawski knowingly or unknowingly apply a strategy for building a quality advantage, that is, they seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality (fig. 5).

Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

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It is worth indicating that to maintain the competitive advantages obtained, there should be taken some measures seeking also to strengthen the price and information advantages, which to some extent lacked among the investigated companies. Most of the surveyed companies estimate their level of competitiveness as that of a local scale – 60.7%. In the opinion of the respondents there are 15.7% of companies with competitiveness on the Poviat level, and 7.9% for both: on a national scale, and on the European Union scale.

Thus, the main competitors of the companies in the Poviat of Drawski are other local companies – 83.1%, and companies from Western Europe are seen as a potential competitor by 6.5% of the respondents, and non-European companies by 1.3%. In the opinion of 1.3% of respondents in respect of their activities there is no pressure from the competition. The remaining respondents 7.8% couldn't answer this question.

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses.

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- strong domestic and foreign competition – 17.1%,
- heavy bureaucracy – 15.2%,
- inadequate domestic demand – 12.7%,
- uncertainty of the overall economic situation – 8.2%,
- high load on the budget – 5.1%,
- insufficient foreign market demand – 4.4%
- unclear and inconsistent legislation – 4.4%
- a poorly developed infrastructure – 3.8%
- no concept of development for cities/municipalities – 3.2%

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications):

- the lack of professional staff – 4.4%,
- difficulties in accessing funds necessary to operate – 3.8%.

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. Worrying is the fact that respondents in 34% have indicated that they do not take any concrete action in a crisis. This is a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

Other often undertaken efforts to overcome the crisis in the companies of the Poviat of Drawski are: reducing investment expenditure – 19%, or in general cessation of investment – 14%, the decrease in the level of employment – 11%, the reorganisation of the establishment – 4%, the reduction in wages – 3%, sending employees to payless vacations – 2%, and the decrease of working hours in employment contracts – 1%. This means that to a great extent, the reaction to a crisis means restricting some aspect of business activity, which is a passive strategy. Only 1% of the surveyed mentioned taking active steps to overcome a crisis – in this case, through the search for new clients.

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It is also noted that in the Poviat of Drawski a small group of enterprises seek a certain independence of their activity and take some steps that would pre-empt possible future problems, i.e. investment and transaction insurance policies – 2%.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 41.6% of the surveyed conclude that the situation of the company during the last 6 months has not changed, and 22.1% say that it has clearly improved. However, the opposite opinion was voiced by 31.2% of the surveyed which is a relatively large group. It is clear that the assessment of the socio-economic conditions depends on one's own subjective business experience.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for the item and service – 47.4%
- increase in prices of materials and raw materials – 15.8%
- increase in fuel prices and energy – 7.9%
- the change of the Swiss franc/zloty rate – 5.3%
- the change of the euro/zloty rate – 2.6%
- greater caution of investors – 2.6%
- customers' paying difficulties – 2.6%
- large competition on the market – 1.3%
- obstacles by institutions/municipality– 1.3%,

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 63.2%,
- prices of materials and raw materials – 5.3%,
- fuel and energy prices – 5.3%,
- the euro/zloty rate – 5.3%,
- co-operation with more contractors – 5.3%

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation. It is also worth mentioning that a relatively high percentage of the surveyed (about 15.8% of the companies) cannot identify the factors which have improved the situation of their company.

It is generally known that the companies function in a particular external environment – a socio-economic surrounding, whose quality affects the functioning of companies. By 38.1% of the surveyed the economic situation in the region during the last 6 months deteriorated, by 51.9% has not changed, and by 10.4% of the surveyed it improved. Respondents forecast how the economic situation in Zachodnipomorskie voivodship will change over the next 6 months. The results allow moderate optimism, negative scenarios predicting a deteriorating economic situation in Zachodniopomorskie voivodship were expressed by 11.7%, and 36.4% thought that the situation in the projected period would not change, 27.3% of the surveyed believes that it will

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improve. Clearly the rate of pessimistic views to optimistic ones with respect to assessing the situation has positively decreased.

Interesting enough is the attempt to capture the dynamics of the change in the demand values for services/goods offered by the surveyed companies, in comparison to the same period of the previous year. An economic crisis is usually accompanied by a bigger or smaller fall in demand. With respect to the Poviat in question, the increase in demand was claimed by 27.3%, the decrease by 28.6%, and the biggest group (41.6%) claimed no change in demand. It seems that the opinions on the size of demand are neutral, its increase and decrease were claimed by the same number of respondents.

Additionally, the respondents were forecasting the changes in demand for services/products offered by the company in respect to the same period next year. The obtained distribution of variables points to the change of the situation, 39% considers that the demand should rise, 26% that the volume of demand does not change, but there are considerably fewer persons awaiting the decline of it – 14.3%.

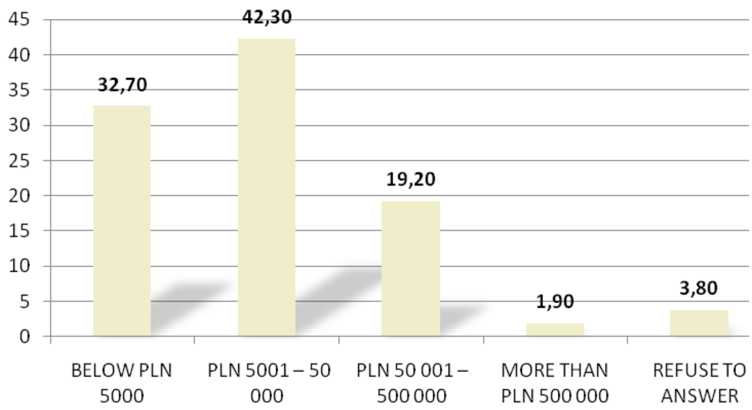
A relatively large group of the surveyed (20.8%) cannot estimate the dynamics of demand, perhaps because of their short presence on the market.

One of the major factors determining the development potential of companies is the level of investment. At 28.4% of companies there were not at all any investment instruments, but the companies of the Poviat of Drawski which do invest usually choose the following goods – ranked by the multiplicity of indications:

- equipment (furniture, appliances) – 42%,
- buildings, land – 17%,
- vehicles – 12.5%.

Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6).

Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

Most respondents (42.3%) pointed out that the expenses incurred were in the bracket of PLN 5 000 to PLN 50 000, next groups of respondents declare increasingly lower amounts

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– 32.7% of the surveyed companies within the last 6 months invested in the development of their company less than PLN 5000. Without doubt, this suggests a small scale of their operations, and their sector specificity – the firms involved in minor services mostly do not require costly equipment.

The respondents also forecast possible investments in the course of the next six months. Resulting data (only declaratory) indicate a reduction in the level of investment. Most – 45.3% of the surveyed did not intend to take action, 17.3% did not know whether to invest and only 37.3% of respondents declares that the company plans to make expenditure for the purchase, lease (leasing) or refurbishment of the vehicle(s), equipment, real estate (buildings, land).

On the basis of subjective experience respondents also made a forecast for the situation regarding their own company for the next 3 years. This time the results were what follows: 16.9% believes that their company will be similar to the present, pessimistic scenarios that the company will be worse than at present – 3.9%, and the same number of the surveyed believe that their company will fail in liquidation. The biggest group sees the future optimistically – 42.9% believing that it will be better than today.

There is a risk that this optimistic scenario could not be achieved. Although so far most of the surveyed companies invested in their development, within the next 6 months this process is expected be largely stopped. It means that the surveyed expect that in a long run there will be a clear improvement in this area, which will give a boosting impulse for development.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling the company's development, among which there should be included co-operation and economic links between enterprises. In this regard the Poviat of Drawski compares rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. The overwhelming majority – 90.9% of the surveyed companies do not co-operate with other entities. In respect of the remaining 9.1% of companies that undertake to cooperate with other firms, 6.5% of them do it in the form of joint venture, and 2.6% co-operate only by exchanging client data bases.

The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials. The situation, however, appears to be more adverse, because the entrepreneurs from the Poviat of Drawski when asked to mention specific operators with which they co-operate, in 79.2% of cases, declare that they do not work with any other operator, just 20.8% of them have such contacts with other firms, 2.6% co-operates with consultancy companies, 7.8% with educational and 1.3% with local government administration, and 9.1% with regional companies. In addition, the potential of the companies from the Poviat is distorted owing to low use of support from public institutions. The vast majority – 84.2% of the respondents declare that they do not use the available forms of support, 6.6% of companies benefited from an increase in employment in the company and only 2.6% of companies use such forms of support as: grants for training courses for workers and 1.3% of companies has obtained tax levy funding and maintenance reimbursement.

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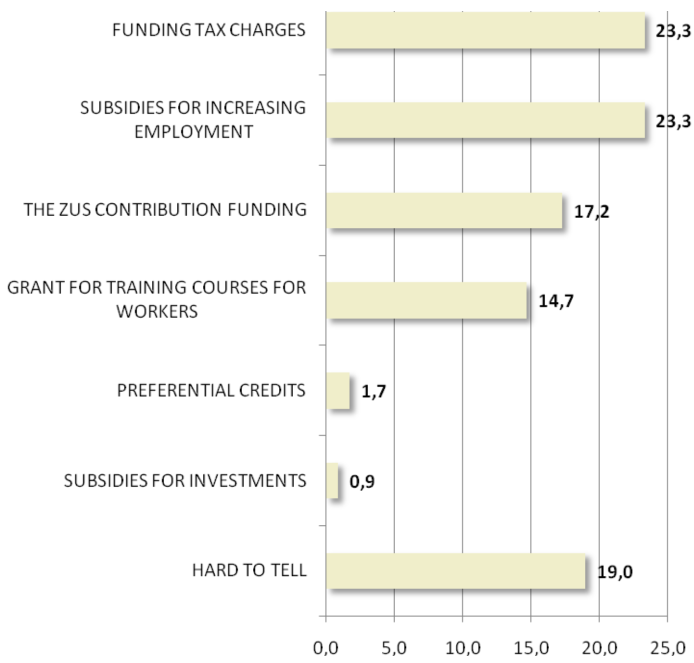
As these data relate to the three previous years, their negative values are especially worrying. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. A partial answer to this question is the statement that 19% of the surveyed cannot indicate any form of support from the units of local self-government, which could help the company's activities. Among the respondents who preferred some forms of support, two points have earned the same number of indications – funding tax charges and subsidies to increase employment – both for 23.3% (fig. 7). It was also noted that the ZUS contribution funding got 17.2% and grants for training courses for workers – 14.7%.

Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

The extent of economic exchange

Exchange enterprise conducted by members of the trade in the discussed Poviat is limited spacewise – 77.9% of the surveyed companies did not have any international exchange experience, 9.1% of them had some goods or services export experience, 6.5% of them had goods or services import experience, and 6.5% export-import of goods or services. The few companies which do export their products sent them mainly to: Germany (44%), France, Italy, the United Kingdom and Russia.

41.7% of the respondents expect that over the next 6 months their exports will remain unchanged, 16.7% forecasting a rise, 8.3% expecting a fall in exports, and 33% of the respondents cannot specify directions in the dynamics of export.

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Innovation in enterprises

The innovation rate in business in the area of the Poviat of Drawski is very low. Only 3.9% of companies declare that in the period of 2007-2009 they applied some innovations, the remaining 96.1% did not take any innovative actions. Since the ability to absorb innovation is one of the fundamental factors for a firm's development, the prospects for the discussed enterprises seem to be rather pessimistic.

As regards small companies applying innovation, their sources of it were: (a distribution with an equal number of indications):

- purchase of licenses,
- purchase of technology,
- copying ideas and solutions from competition

A worrying signal is the fact that the main reason for applying innovation on such a small scale is not so much the lack of opportunities to finance innovative businesses – (this was only 17% of the surveyed), but other obstacles, among which the most relevant are: the lack of potential interest in new products/services from clients – 12%, and too large risks associated with the implementation of innovation – 8%. It is also worrying that 37% of surveyed were not able to explain why they don not take innovative actions at all. Perhaps it is caused by the fear of taking economically difficulty actions or by the ignorance as how to select and deploy innovation in the company.

Activating entrepreneurs of the Poviat in question has more chances of success, in the context of co-operation with other entities for taking innovative actions. However, the majority of respondents (70.4%) do not have any expectations as regards the facilities and their collaboration with others to apply innovations. The remainder of the surveyed (29.6%) suggest that some low-level activities should be put into practice such as creating programmes to promote technological development at the level of municipalities (11.4%), the development of institutional infrastructure in mediation and the transfer of technology – 6.8%, building an information system with the requirements of local business – 5.7%, improving the quality and the degree of tender suitability in units B+R for the needs of enterprises – 3.4% and the construction of information systems with suitable offers for units B + R – 2.3%.

However, it should be noted that the Poviat of Drawski in the vast majority (87%), is part of a modern information system and declares using the advantages of modern IT tools such as the Internet. Companies from this group of respondents have their own websites, continually benefit from various types of search engines and Web browsers and e-mail. However, the presence among the investigated companies those which do not use electronic systems, being a routine in highly developed countries, may suggest significant technological backwardness.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The picture which emerges from the analysis of the situation is rather pessimistic. Unfortunately, 81.9% of the surveyed companies in the Poviat of Drawski have never used EU structural funds. The remainder admits to having used the funds primarily for the development of

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technical infrastructure – 7.2% and to increase employment – 6.0%, purchase of land and real estate assets – 2.4% and to raise the quality of potential staff training – 1.2%.

Unfortunately, such a low level of the use of funds stems from the lack of interest in this type of support – up until 39.5% of respondents do not want to benefit from EU structural funds, 3.9% of respondents do not use it due to the lack of sufficient, clear information on how to applying for the funds, 1.3% due to the lack of money. Comforting is that a high percentage of surveyed (55,3%) is interested in the use of funds from the EU structural funds. This means that, so far, many companies have not had the opportunity or the possibility to apply for the funds to the extent they would wish to.

The entrepreneurs who did use EU grants defined the barriers limiting their effective gaining the resources (the following factors are organized by declining importance):

- bureaucracy and ambiguity of EU request forms – 27.1%
- limited access to information about programs – 16.5%,
- the necessity of own contribution – 15.8%,
- cost of preparing applications – 9.0%
- short term preparation – 6.0%,

As it is clearly seen then, that the so far experience in raising funds from the European Union by the entrepreneurs in the Poviat of Drawski is not very positive. A significant proportion of the companies, indeed, has no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of Drawski in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the district, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

– the slow decline of population caused by the drainage of population from the Poviat;
– changes in the population age structure – permanently decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over
– the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

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- the increment of the rate of the number of working for 1000 people, which can suggest greater employing propensity of firms,
- the growth in average monthly gross salaries,
- a systematic decline in the number of unemployed people, however, the unemployment rate in 2008 in the Poviat was the highest in the voivodship (19-th place).
- deficit professions in 2008 were only those from such profession groups like: vocational teachers and instructors, employees at work in trade and services, office support staff and employees other specialities. There was a balance in the following groups: secondary labourers in mining, industry and construction, managers of big organization and executives of small and medium-sized companies. The highest surplus appeared in the case of such groups as: farmers and fishermen working for their own needs, medium level staff in agriculture and health services, and farmers, gardeners, foresters and fishermen oriented on the market.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential. However, there were clear indications of the economic upturn, evident from the analysed economic indicators like: the growth in the number of economic subjects, including commercial companies which are so important for the economic development, the increase of the industrial production sold and the increase of the Poviat's participation in creating administrative value sold. But there was also a clear signal of slowing down in development, which was mirrored in the reduction of investments in companies (by 4.9%), and lower than in 2004 fixed assets gross worth, and the income and expenditure budgets of the Poviat per capita which gave the Poviat of Drawski the 11-th and 15-th place among the Poviats of earthly in the voivodship.

Another conclusion from this analysis is that the development of entrepreneurship in the district will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat of Drawski, and developed on the basis of our own research allows to indicate some characteristic features for this group. The surveyed firms are engaged primarily in service sectors, which are dominated by trade. However, it should be noted that other types of economic activity: manufacturing and agriculture, hunting and forestry are also vividly present on the market. As for the structure of the companies, the commonest being microenterprises, registered in the form of natural person businesses. Among the surveyed businesses those being on the market for over 10 years seem to prevail. What is important for the characteristics of the surveyed companies is the observation that the enterprises located in the Poviat hardly employ people with no education or primary or gymnasium education.

The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail. However, among the businesses which do expect changes in employment, those expecting improvements are in the majority. The longer the declarative perspective, the more optimistic expectations, because more companies believe to improve their situation in a few years.

The conclusion that can be drawn from the received answers is that business activity is impeded primarily by different barriers of trade (strong domestic and foreign competition, insufficient demand on the domestic market and the uncertainty of the overall economic situation) and formal barriers (too heavy bureaucracy, no concept for the development of

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a city/municipality). Apart from the obstacles which operating businesses face on the part of public institutions, the latter hardly promote this sector. It seems that for most companies the State (and its different institutions) does not have any interesting offers (or at least they are not generally known to public) to support business enterprising.

However, it should be also noted that entrepreneurs are not very active in seeking additional opportunities related to supporting the development of the company – whether through public aid, or by linking capabilities with others. Generally the company focus is primarily on consolidating its place on the market. Co-operation and partnership with other enterprises or public institutions is rather limited.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is a small share of innovative solutions used in businesses.

On the basis of this study, the following recommendations can be suggested:

1) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply;
2) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate to much different rules from those of small and medium companies;
3) a series of institutional and procedural barriers need removing in the process of setting up and running a business both at national and local levels;
4) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.).

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3. The Poviat of Kołobrzeski

Introduction

Territorial Division

The Poviat of Kołobrzeski is situated in the north part of the Zachodniopomorskie voivodship. It borders with the neighbouring Poviats: Białogardzki, Gryficki, Koszaliński, Łobeski, Świdwiński and The Baltic Sea. In 2008 it covers the area of 725 km^2, which accounts for 3.2% of the area of the whole voivodship, and has the population of 76.8 thousand which is 4.5% of the total voivodship population. With these figures the Poviat of Kołobrzeski ranks on the 14-th (together with the Poviat of Pyrzycki) and 6-th place (together with the Poviat of Szczecinecki) in the whole voivodship.

The Poviat consists of seven communes: an urban – Kołobrzeg and rural area: Dygowo, Gościno, Kołobrzeg, Rymań, Siemyśl and Ustronie Morskie communes. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 96.4% and put this Poviat on the 8-th place in the voivodship. Consequently, the urban area ratio was on the level of 3.6% which meant the 10-th place in the voivodship.

In the whole Poviat there are 127 towns and villages with the proportion of 126 villages and only one town: Kołobrzeg, which is the capital of the Poviat. The Poviat has a well developed tourist base together with Spa healthcare facilities. [23]

Fig. 1. Administrative borders of the Poviat of Kołobrzeski
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect to all entrepreneurs taking part in the research. In the analysed population men are represented

[23] *Strategy for Sustainable Economic Development for Poviat Kołobrzeski developed by The Poviat team EXPERT-SITR Ltd. in Koszalin and members of the Poviat's Coordination & Programme Team*. Kołobrzeg, 2004.

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slightly more frequently – 52.6% then women – 47.4%. The shape of the next variable points to a very close participation of representatives of the 4 most popular age groups – 26-35, 36-45, 46-55 and 56-65 – individual categories have earned about 20% of indications (the smallest being 36-45 age group – 17.5%; and the biggest one 26-35 age group – 25.3%). With regard to all respondents, most of them had a secondary education – 44.2%, and tertiary education – 31.8%, a vocational education – 19.5%, and primary education – 3.9% and without education – 0.6%. The last variable is the job or post they hold. Thus there were 70.1% of firm owners, the remaining categories are represented by single persons, with the exception of people responsible for talks in the company – 23.4%.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 The Poviat of Kołobrzeski population increased by 1.1%. The Poviat belongs to very densely populated areas, the average population density rate in 2008 was 106 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level.

In 2008 the Poviat of Kołobrzeski all city population was 44.9 thousand people, which in turn determined the urban demographic rate on the level of 58.5%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, the Poviat of Kołobrzeski seems to be a region of low urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rates, the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in the Poviat of Kołobrzeski in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	75915	76217	76772
Urban demographic rate	59,2	58,7	58,5
Rural demographic rate	40,8	41,3	41,5
Population density per 1 km^2	105	105	106

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological and economic age groups (0-14, 15-64, and 65-plus). This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 1.1 thousand, and its general ratio to the total population of the region fell from 16.9% to 15.3%. In the next age group, i.e. age 15-64, there was an increase from 54.5 thousand to 55.7 thousand in the respective years. However, the ratio of this group to the total population increased from 71.8% to 72.5%. The last age group population, i.e. age

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65-plus increased by 8.8% and its ratio to the total population went up from 11.3% to 12.2%. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Poviat of Kołobrzeski the percentage of people in the pre-productive age group was 19.5% (in the voivodship – 19.1%), in the productive age group – 65.6% (65.9% in the voivodship) and in the post-productive age group – 14.9% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 0.5%) and post-productive age group (by 1.5%), and a simultaneous decrease in the pre-productive age group (by 2.0%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in The Poviat of Kołobrzeski 787 new children were born, which accounted for a 8.1% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 10.3 live births (10.8 in the voivodship) and 9.6 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in a given area. In the years 2004-2008 in the Poviat in question there was a significant increase of the death rate by 18.0%. For each 1000 inhabitants in 2008 there were 9.1 deaths (9.7 in the voivodship), and only 7.8 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Kołobrzeski in all the years in question amounted to over 50%.

The population growth, based on the number of live births and the number of deaths in the Poviat of Kołobrzeski in 2008 was positive (91 people) and compared to that from 2004 had decreased. After conversion for each 1000 people, the growth ratio was on the level of 1.2 (1.1 in the voivodship), whereas in 2004 it had value of 1.8.

Tab. 2. Natural migration of people in the Poviat of Kołobrzeski in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	9,6	9,1	10,3
Total death rate for 1000 people	7,8	7,7	9,1
Natural growth rate for 1000 people	1,8	1,4	1,2

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the Poviat of Kołobrzeski in 2008 the total migration rate was positive and amounted to 83 people, which was caused by the influx of population from other Poviats and towns less frequently from the country. For each 1000 people in the Poviat the migration rate was 1.1 people, and was higher than in the voivodship (- 0.8 people).

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The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In The Poviat of Kołobrzeski in 2007 there were 14.8 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 7.4%. In the analysed period there was a significantly bigger increase in the employment of women (by about 8.6%).

For each 1000 people in 2007 there were 193 people employed in the firms with nine and more workers (the same in the voivodship), which ranked the Poviat on the 4-th place in the voivodship. The analysis of the employment rate shows its growth compared to 2004 (lower then in voivodship), which can suggest: firstly, the increased willingness on the part of local business to employ new workers, and secondly, a sustainable socio-economic development of the area.

Tab. 3. Workers and salary in The Poviat of Kołobrzeski in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	13776	14277	14796	107,4
men	6328	6324	6705	106,0
women	7448	7953	8091	108,6
Workers together with individual agriculture	15563	16064	16583	106,6
in% of the agricultural sector	13,6	12,8	12,5	91,9
industrial	25,4	23,8	25,0	98,1
supporting	60,9	63,4	62,5	102,6
Average monthly gross salary of PLN	1963,54	2153,82	2336,90	119,0

Source: *Own analysis based on the data from the Central Statistical Office.*

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Poviat of Kołobrzeski in 2007 the number of people employed was 16.6 thousand. The employment structure by economic sectors shows that 12.5% of the employed worked in agriculture (11.8% in the voivodship), 25.0% in industry and 62.5% in services. Since 2004 the employment in the service sector slightly increased, and it did so at the expense of the industry sector (a smaller drop) and in agriculture (a bigger drop).

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The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was PLN 2336.90 and it was more than in 2004 by about 19.0% (for the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by about PLN 279.00). With respect to the pay rate, the Poviat was on the 9-th place in the Zachodniopomorskie voivodship.

In the Poviat of Kołobrzeski, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 2921 people unemployed (in which women made up to 56.2%). Since the beginning of the analysed period the number of unemployed dropped by 56.3% (54.8% in the voivodship), and the drop referred mainly to male workers. 55.2% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the increase – the percentage of unemployed people living in villages was higher than in 2004.

The registered unemployment rate in the Poviat in 2008 was 9.6% (with the average for the voivodship 13.4%) – it was one of the lowest in the voivodship and it gave the Poviat the 4-th place in the Zachodniopomorskie voivodship. By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a slight increase of the unemployed not entitled to state welfare money (by 4.5%, whereas in the voivodship decreased by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still worryingly big – in 2008 it was 84.2% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 7.1%), and a decrease in all other age groups (the biggest in the 35-44 age group and below 25 age group). There were also more unemployed people with a gymnasium education and primary education general secondary, university education, and fewer unemployed with a vocational education, post-secondary and secondary vocational education.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and the job postings made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in The Poviat of Kołobrzeski were found (up to 11) in such big professional groups as for example: executives of small and medium-sized factories, the big organization managers, money market and customer service and office support staff. There was a balance in the group of industrial labourers and craftsmen, natural sciences and environment specialists. Apart from the groups mentioned above (with deficit jobs), other groups were unbalanced with surplus jobs. The surplus intensity rate was the least favourable for groups: auxiliary workers in agriculture, fine mechanics, ceramics and printing, farmers and fishermen working for their own needs, farmers, gardeners, foresters and market oriented fishermen. The average surplus intensity rate was very high (0.85) and in comparison to 2004 significantly increased, which means a big improvement for the unemployed on the job market.

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Regionalny Barometr Gospodarki

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Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In The Poviat of Kołobrzeski in 2008 in the REGON register there were 13.7 thousand firms and businesses which accounted for 6.4% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 5.1% (with 5.5% in the voivodship). From among all businesses operating in the area in 2008 over 97% came from the private sector.

Considering the competitiveness of The Poviat of Kołobrzeski with regard to the business saturation, it ranks on the 1-st place in the voivodship. On average, the Poviat has 178.1 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Kołobrzeski is very well developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in The Poviat of Kołobrzeski in 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
All economic subjects	13007	13571	13675
for 1000 people	171,3	178,1	178,1
by economic sectors in % agriculture	2,3	2,1	2,2
industry	14,6	14,7	15,3
services	83,1	83,2	82,5

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 97% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 2.5%, and average businesses only 0.4%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro and small businesses in the Poviat increased, and that of average businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat of Kołobrzeski was represented by natural persons running their own businesses (81.4%), with the next place going to trade companies with 3.6%, associations and social organisations with 1.4%, co-operatives with 0.7%, and foundations with 0.1%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 65.0 trading companies for 10000 people in the Poviat giving it the 5-th place in the voivodship. Compared to 2004, the number increased by 18.5%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 162 such companies in the region, which, when set against 10000 people, gave 21.1 units.

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Companies with foreign capital accounted for 32.5% of all trading companies in the Poviat, and their number compared to 2004 increased by 4.5%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in The Poviat of Kołobrzeski the firms from the service sector were the most numerous with the number of 11.3 thousand they accounted for 82.5% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 74.9% of all businesses in the Poviat, and non-market services by 7.7% of firms. The percentage of firms from the industrial sector was 15.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails on average more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.3 thousand, which was only 2.2% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that over 70% of the firms in the region in 2008 came from three sectors: trading and repairing, hotels and restaurants, building services and services for housing and firms.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[24] In 2008 in the Poviat of Kołobrzeski REGON register 974 new firms were registered, which gave 12.7 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: fotels and restaurants – 23.4%, trade and repairing sector 21.0%, building 17.5%, services for housing and firms 11.9%.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in The Poviat of Kołobrzeski in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	691	854	974
for 1000 people	9,1	11,2	12,7
All checked out firms	339	677	802
for 1000 people	4,5	8,9	10,4

Source: *Own analysis based on the data from the Central Statistical Office.*

In 2008 in The Poviat of Kołobrzeski 802 firms were crossed out from the register. For 1000 people it gave 10.4 units (9.6 in the voivodship). Considering the sections from the Polish

[24] *The Report on the condition of small and average firms in Poland in 2006-2007*. Prepared by Polish Business Development Agency, Warsaw 2007.

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Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, hotels and restaurants, services for housing and firms, and building sector. However, it should be stressed that more firms were registered than checked out.

Using the shift-share analysis, the level of competitiveness of The Poviat of Kołobrzeski can be assessed. The level is referenced to the Zachodniopomorskie voivodship with respect to the number of national economy subjects according to the PKD classification code. Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). Negative indicator KO (competitiveness area) indicates the low competitiveness of the Poviat .The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the Poviat of Kołobrzeski in 2007 it was worth PLN 538.4 million and it was 2.4% of the total production sold in the voivodship. Compared to 2004 there was an decrease in the production sold in the Poviat by PLN 5.1 million, and thereby the Poviat's contribution to the production sold in the voivodship did not change.

The industrial production sold for one person in the Poviat was in 2007 PLN 7045.00 (with the average for the voivodship PLN 13447.00). That gave the Poviat the 12-th place in the Zachodniopomorskie voivodship. The leading areas in industrial activity were the following Poviats: Goleniowski, Policki and Szczecinecki.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 persons in the Poviat of Kołobrzeski in 2007 amounted to PLN 176.5 million and were higher than those incurred in 2004 by about 82.9%.

The highest expenditures were incurred in services (primarily in the market services), then in the industrial sector and agricultural sector. Since 2004 the expenditure incurred in the agriculture and services increased, while – in industrial sector decreased. The volume of investments per capita equals to PLN 2309, and was higher than the average in the province and put Kołobrzeski on the 8-th place among other Poviats of the Zachodniopomorskie voivodship.

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Tab. 6. Investment and gross fixed assets in The Poviat of Kołobrzeski in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	96,5	176	176,5	182,9
in % agricultural sector:	1,3	1,3	2,5	192,3
industrial	52,0	23,1	32,6	62,7
market services	29,9	53,0	27,9	93,3
non-market services	16,8	22,6	37,0	220,2
per capita in PLN	1277	2314	2309	180,8
The gross value of the asset in million PLN	1172,3	1400,2	1532,6	130,7
in % agricultural sector:	3,4	2,4	2,7	79,4
industrial	36,2	30,0	29,7	82,0
market services	45,3	55,7	51,6	113,9
non-market services	15,1	11,9	16,0	106,0
Per capita in PLN	15443	18371	20022	129,7

Source: *Own analysis based on the data from the Central Statistical Office.*

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the district was PLN 1532.6 million and was higher than in 2004 by 30.7%. The highest gross fixed assets were recorded in services (primarily in the market services), then in the industrial and agricultural sectors. Compared with 2004, the capital expenditure on services increased, in the industrial and in agriculture sector slightly decreased. According to the gross worth of fixed assets per capita in 2007, the Poviat of Kołobrzeski was on the 8-th place in the voivodship.

The budgets of territorial administrative units

The opportunities for funding activities in the district can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities).

In 2008, Kołobrzeski received for the execution of its tasks, 66.2 million PLN (about 55.0% more than at the beginning of the investigation period). It was PLN 863.66 per capita – 9-th place among the Poviats of earthly. The expenditures amounted to PLN 66.1 million of which investment expenditure property constituted 8.2% (16.7% in the voivodship). The growth of the revenues in the Poviat (compared with 2004) was higher than expenditure. Spending per capita placed the Poviat on the 8-th place among the Poviats of earthly.

The budgets of communes in the Poviat of Kołobrzeski in 2008 drew the joint income equalling to PLN 255.0 million and the amount of income per capita placed the Poviat on the 1-st place in the province. Municipalities issued PLN 248.2 million, in which property investments accounted for an average of 27.4% of the total expenditure budgets of these communes. Compared with 2004, the expenditure of municipalities increased slower then their revenue.

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Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within The Poviat of Kołobrzeski in 2004, 2006 and 2008 in PLN

SPECIFICATIONS	2004	2006	2008	2004=100
Poviat budget revenue	42679012,00	56762618,69	66170797,92	155,0
per capita	564,75	746,00	863,66	152,9
Poviat budget expenditure	44017437,00	55400084,64	66140357,05	150,3
per capita	582,46	728,10	863,26	148,2
Revenue of municipalities' budgets	159222056,00	198523788,18	255049959,78	160,2
per capita	2106,92	2609,10	3328,90	158,0
Expenditure of municipalities' budgets	175674450,00	203622855,23	248191211,17	141,3
per capita	2324,63	2676,11	3239,38	139,4

Source: *Own analysis based on the data from the Central Statistical Office.*

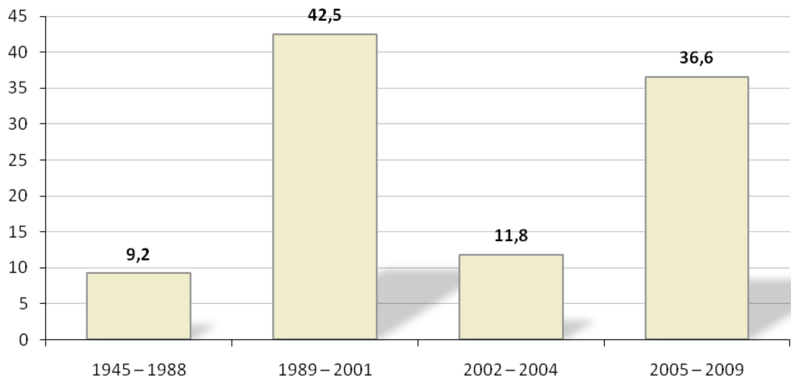
Own research results

A. The State and structure of the economic activity of the companies surveyed

Entrepreneurs and their companies – characteristics of the business

Looking at the condition of the economic activity of the companies in the Poviat of Kołobrzeski, the years of more and less dynamism in this area can be clearly seen (fig.2). The numbers of registered traders were particularly high in the years after 1989 when up to 90.85% of enterprises were created. Since the introduction of market economy similar number of companies was during the first period – up to 2001, and the next – to 2009 (42.5% and 48.4%).

Fig. 2. The year of founding a company



Source: *Own research.*

However, it should be noted that in the last of these time brackets the number of newly created companies did not spread evenly. In the years 2002-2004 there is a noticeable fall in the number of registered companies, only 11.4% of businesses were created, which could also be explained by the then economic development of the country. The stagnation of the period, on the

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one hand, led to the deterioration of the situation on the labour market, and on the other, to destabilizing economic private initiatives. In the past five years (2005-2009) the ratio of emerging companies has had a rising trend – in the Poviat of Kołobrzeski 36.6% of companies wee created. Keeping in mind that presented data does not show the absolute increment of the number of companies – at the same time a number of companies closed down. In principle it should be noted that the companies existing in the Poviat are those which have already had some experience and their activities began at the time when free market economy was being introduced to Poland, or such companies that have been present on the market for a short time – and because they emerged during the global prosperity it is difficult to determine how they will manage their businesses throughout a crisis.

With regard to the companies in the Poviat, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 84.4% of all companies investigated, then come small companies – 11.0% and the average – 3.2%. Large companies (employing more than 250 employees) were represented by 1.2%. Next, regarding the type of activities, single enterprises prevail – 81.2% and the remaining 18.8% goes to co-partnership companies (of which 7.8% civil associations, 5.8% limited liability partnerships, 2.6% particular partnerships and 2.5% of public companies).

So significant predominance of single firms may indicate a trend of changes on the local labour market – from employment, towards self-employment. Undertaking a business activity by individuals not having a legal personality enables relatively quick adapting to local and regional market conditions, and it requires relatively low start-up recourses and allows the owner to achieve the whole profit, while taking the total liability for the functioning of the enterprise.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies from services-manufacturing and agricultural markets. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of Kołobrzeski are as follows:

- hotels and restaurants sector – 23.4%
- service sector – 20.8%
- commercial sector – 18.8%
- construction sector – 8.4%
- real estate sector, renting and business services – 8.4%
- transport, storing, communication sector – 6.5%
- industrial processing sector – 4.5%
- companies in financial intermediation – 2.6%
- education sector – 1.9%
- agriculture, hunting and forestry sectors – 1.3%
- protection of health and social welfare sector – 1.3%
- fishing companies – 1.3%
- mining companies – 0.6%

The location, regional and tourist specificity of the Poviat of Kołobrzeski lead to the dominant role of companies from such sectors as: tourism and trade.

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The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows the dominance of people with secondary education – people with such education were hired by 37.1% of the respondents. Slightly more companies declare the recruitment of people with vocational education 27.1%, than higher education – 25.3%. Special attention should be drawn to the fact that some firms still employ people with primary education – 5.4%, gymnasium education – 1.8% and without education 1.8% – this gives a total of 9% share of companies that use workers without any acquired qualifications.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Kołobrzeski in 2008 in the case of 11.0% of companies the employment declined, then increased in 9.1% but in 79.9% of the surveyed companies there was no personnel traffic.

The main causes of the reduction in the number of workers were:

- the issues of external problem with
  - disposal of products and services – 30%,
  - seasonal nature of work – 21.7%;
  - unprofitability of the production and sales – 4.3%
  - insolvency of clients – 4.3%
- internal issues:
  - dismissing employees on their own request – 17.4%
  - too low remuneration – 4.3%
  - retirement of workers – 4.3%
  - the lack of workers' diligence – 4.3%
  - high costs of workers – 4.3%
  - completion of a business activity field – 4.3%

In turn, the increase of employment in the company was due to the increasing demand for the products or services – 50.0% or the extension of the scope of their activities – 50.0%. These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, in addition, in the Poviat of Kołobrzeski, there are natural factors explaining personnel traffic in companies (retirement, dismissing employees on their own request). It is worth stressing that a large personnel fluctuation is not a favourable factor to business efficiency and indeed has negative consequences for companies.

The declarative dynamism in employment within the next three months, and the nearest year is optimistic because only 1.3% of the surveyed plan to reduce the number of employees. A small differentiation (in both periods of time) relates to keeping stable employment, with respect to 3 months it is 87.7% and in respect to 12 months – 79.9%. A similar number of responses was given also to the projected employment growth, as for the next 3 months 7.8% of respondents hoped for increasing levels of employment, in regard to 12 months the number of

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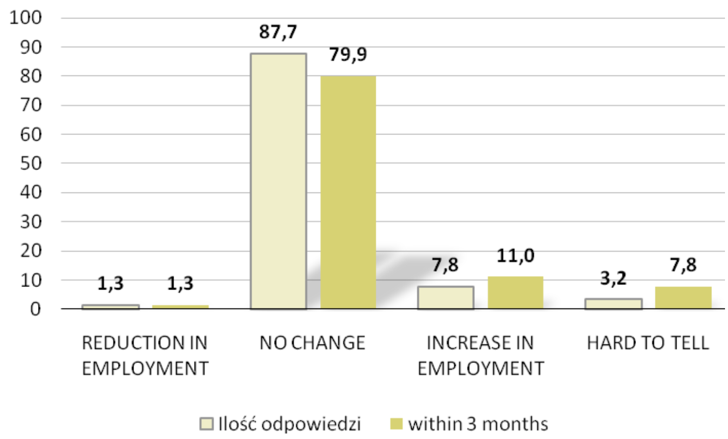
indications is 11%. 3.2% of the respondents cannot predict the dynamism in employment for three months and more than twice more (7.8%) in relation to the next six months (fig. 3).

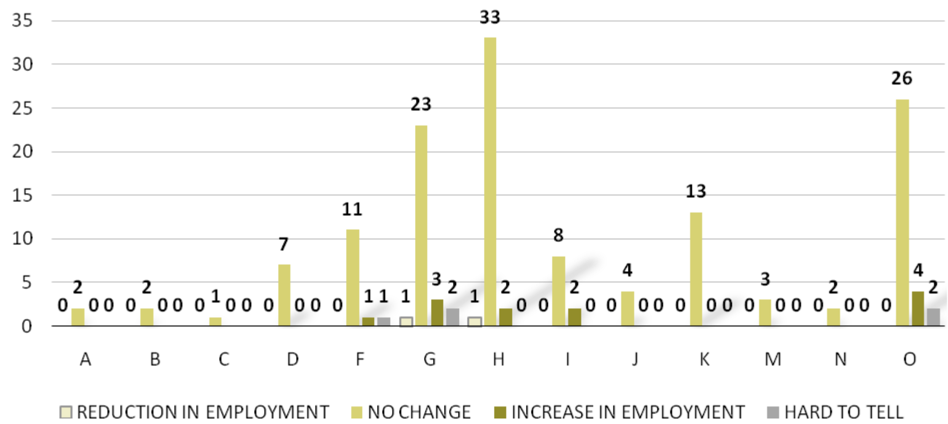
Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates (fig. 4). The reduction in employment is expected only in sections: G – wholesale and retail trade; repair of vehicles, motorcycles, and personal and household goods, and H – hotels and restaurants. A waiting attitude is dominant among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers. However, it should be noted that there are more companies which expected a future increase in employment than those expressing an opposite view. The biggest group expecting the growth in employment came from sections: O – services, social and personal services, G – wholesale and retail trade; repair of vehicles, motorcycles, and personal and household goods, H – hotels and restaurants, I – transport, storing, communication and also F – construction.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

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The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the Poviat of Kołobrzeski the biggest need for specific professions is what follows: unskilled workers – 25%, services staff and salespersons, technicians and middle level personnel and higher office workers and managers –16.7% each of them. And a smaller need: natural sciences, mathematics and technical sciences specialists, business specialists, industrial labourers and craftsmen – 8.3% each of them.

The regression of indications for particular types of education required from potential workers it what follows: higher education, in the field of the company's profile – 18.2%, technical secondary education in accordance with the job's profile – 18.2%, primary vocational education compatible with the company's profile – 4.5%.

As for the additional professional skills in potential employees, they were expected to have: a formally confirmed knowledge of a foreign language – 13.6%, the required workers should have special courses preparing for the job – 9.1%, driving license cat. B – 9.1%, driving license cat. C, E – 4.5%; the previous experience in the profession – 4.5%, the permission for operating special machinery – 4.5% and good personal appearance – 4.5%. The mentioned above formally confirmed qualifications and skills are not disjoint qualities. A relatively modest group of respondents – 9.1% could not answer what qualifications and professional skills would be required from applicants.

Obviously, seeking new employees may be done internally (the so-called internal recruitment) and by external recruitment (seeking employees on an external labour market). With regard to the Poviat of Kołobrzeski the analysis refers to external recruitment process. The firms of this Poviat looking for employees declare using diverse recruitment strategies, both passive and active – 15% of the entrepreneurs uses advertisements in newspapers or the Internet but in 14.1% of cases it was the employees themselves who came to the firm in search of a job, or in 14.9% of cases they were recommended by others; 8.5% of employers looks for workers via Works Centres.

The company's development potential – the company's remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this is the so called sensitive variable, which is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. With regard to the Poviat of Kołobrzeski over 33% of respondents refused to answer. However, the obtained responses suggest that the salaries during the past and current years were given some level of dynamism. In 2008 the salaries increased in 18.2% cases, in 2009 the number has been 7.8% of the surveyed. A strongly positive fact is the declaration to leave salary levels unchanged: in 2008 44.8% of the respondents froze the salary, but with regard to 2009 such intention was declared by as many as 54.5% of the respondents (tab. 8).

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Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	18,2	7,8
Were reduced	3,2	2,6
Unchanged	44,8	54,5
Refusal to answer	33,8	35,1

Source: *Own research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human resources management. It is of course a cost-generating item, but in the long term enhances business. In the Poviat of Kołobrzeski a worrying signal is that up to 77.8% of the surveyed companies do not use this type of solutions. The remaining – 20.9%, declare using training but taking into account only essential training: accounting, finance, marketing, machinery and vehicle operators, sales and customer services, management, automation of industrial processes, special branch trainings, and compulsory trainings such as workplace safety (bhp), and for such jobs as: cooks, waiters, bartenders, treasury workers. Interestingly, there is a large diversity of disciplines and skills within which it is possible to improve professional skills.

Today, in the time of rapid growth of the importance of technology in the functioning of societies, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. The technologies being used in the enterprises determine the potential of the companies in the Poviat of Kołobrzeski as follows: 11.8% of companies use modern technological lines in 2008/2009, 35.3% – purchased within the last five years and 11.8% of companies use technological lines purchased before 2004.

In terms of modern technology procurement, the data are as follows:

- machines and modern devices – purchased in 2008/2009 – 24% of companies,
- machinery and equipment used from 3 to 6 years – 44.2% of companies,
- machinery and equipment used from 7 to 10 years – 10.4% of companies,
- machinery and equipment used for over ten years – 5.8% of companies.

From the presented data emerges a picture of companies that keep pace with the challenges of the market, by adjusting their solutions to modern requirements. However, the fact that 31.4% of respondents were not able to describe the technologies being used in their companies, and 14.9% of them could not specify the technological state of the machinery used in their company, raises the concern that they did not want to admit to using in their companies outdated and old solutions, which are generally disapproved of. This category cannot be firmly associated with the companies using the machinery and equipment older than 10 year. However, it can be assumed that a significant proportion of them are just such company.

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B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Kołobrzeski the choice of location for their activity was determined by:

- the residence of the owner – 47.5%,
- the opinion that the Poviat of Kołobrzeski is a good location – 23.4%
- the availability of markets – 6.0%,
- the availability of cheap labour – 12.1%,
- the availability of supply – 3.0%
- the availability of supporting institutions – 1.1%
- the inheritance of a company– 1.1%
- the matter of chance – 5.7%.

The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market.

The presented data show that companies in the Poviat of Kołobrzeski knowingly or unknowingly apply a strategy for building a quality advantage, that is, they seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality (fig. 5).

Some issue emerging from the answers of the surveyed was the inability to define the notion of competitive edge of a company (9.5%), even if this inability was displayed by employees, it is worrying that they do not have the knowledge of key topics for the company and its further development – as indeed gaining a competitive edge in some field allows the company to strengthen its position. Most of the surveyed companies estimate their level of competitiveness as that of a local competitiveness – 72.4%. In the opinion of the respondents there are 15.3% of companies with competitiveness on the voivodship level, and 6.5% of the respondents feel competitive in relation to the entire country and only 8% of respondents believe that they are competitive markets in the European Union. The remaining 1.2% of respondents could not answer this question, or believed that they are not competitive – 2.9%.

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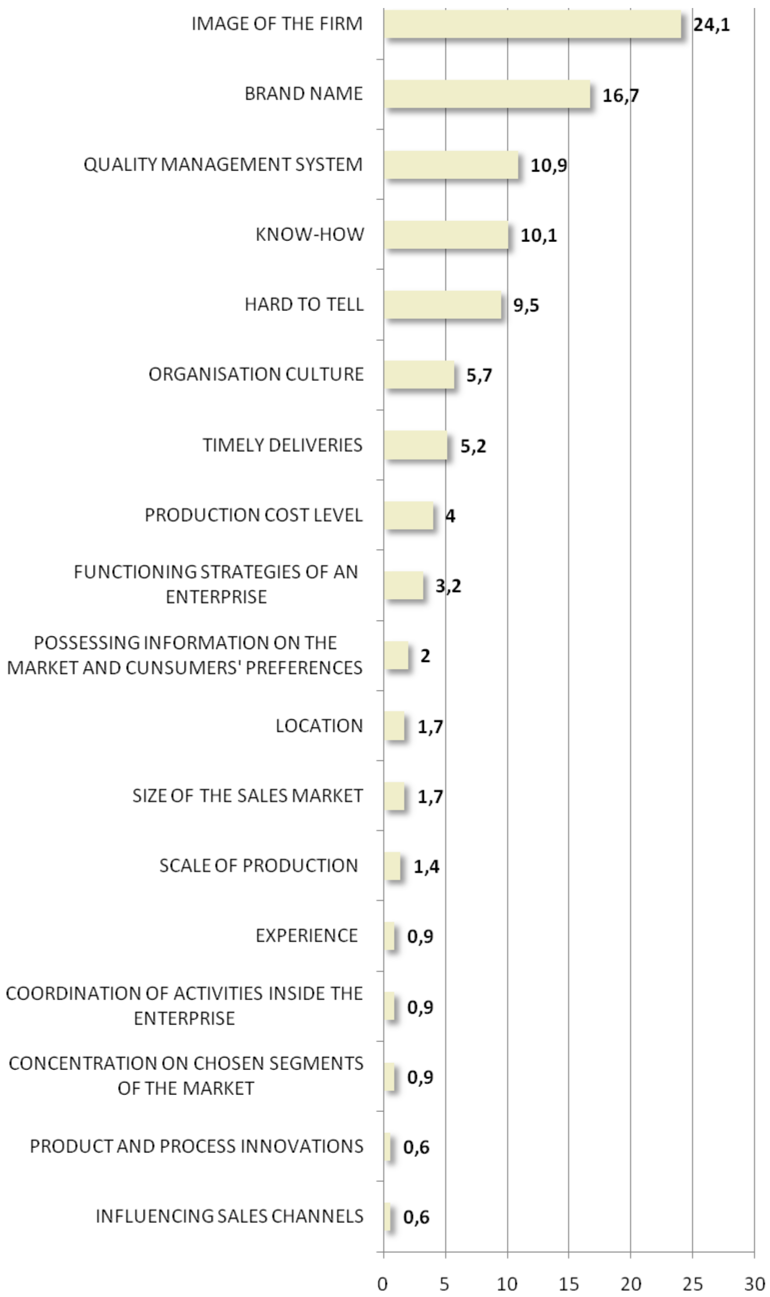
Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

Thus, the main competitors of the companies in the Poviat of Kołobrzeski are other local companies – 96.1%, and companies from Western Europe are seen as a potential competitor by 0.7% of the respondents, domestic companies by 0.7% and non-European companies by 0.7%. The remaining 2.0% of respondents couldn't answer this question.

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As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses. Among the surveyed companies 27.6% declared that they do not encounter any problems in their business activities; however, the remaining 72.4% of the respondents had some difficult or critical moments .

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- strong domestic and foreign competition – 14.4%,
- heavy bureaucracy – 12.0%,
- high load on the budget – 9.6%,
- inadequate domestic demand – 8.4%,
- uncertainty overall economic situation – 7.6%,
- a poorly developed infrastructure – 2.8%,
- the development of 'grey market' – 2.8%,
- unclear and inconsistent legislation – 2.0%,
- no concept of development for cities/municipalities – 1.2%,
- unstable weather conditions – 1,2%,
- seasonal activities – 0.8%
- large distance from the outlets and supply – 0.4%.

The biggest difficulty for the surveyed businesses is learning to function in a free market economy, where experiencing strong competition mechanisms is a norm, and the inherent pressure and constant risks are unavoidable. Interestingly enough the surveyed expressed the opinion that they experience a lot of difficulties in their business caused by public institutions – in particularly such as: heavy bureaucracy and high taxation. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, frequent problems, generated by the State and its institutions.

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications):

- difficulties in accessing funds necessary to operate – 4.0%,
- the lack of professional staff – 2.0%,
- staff costs – 1.2%
- a shortage of raw materials, semi-finished products for external reasons – 0.8%
- the lack of financial liquidity of a company – 0.8%
- transparency of company's data – 0.4%

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. In the Poviat of Kołobrzeski the main practice in these situations are: reducing investment expenditure – 17.1%, or in general cessation of investment – 6.9%, reorganisation of the establishment – 1.9%, the reduction in wages – 1.7%, temporary suspension of activity – 1.2%, sending employees to payless vacations – 1.1%, the decrease of working time in the employees' work contracts – 0.6%. This means that to a great extent, the reaction to crises is restricting an aspect of activity, which is a passive strategy.

Active methods comprise the following: intensive seeking for clients – 0.6% and insuring investments – 0.6%. It is worth to recommend active strategies, which to some extent secure against the effects of the volatile environment. Not taking any concrete action in a crisis is

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a much more unfavourable phenomenon – and such passivity is owned up to by as many as 43.4% of the surveyed. In addition 18.3% of the surveyed cannot completely define the way of tackling difficult situations, namely 61.7% of the surveyed knowingly or unknowingly apply a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 50% of the surveyed conclude that the situation of the company during the last 6 months has not changed, and 17.5% say that it has clearly improved. However, the opposite opinion was voiced by 27.9% of the surveyed which is a relatively large group. 4.5%of the respondents couldn't answer this question. It is clear that the assessment of the socio-economic conditions depends on one's own subjective business experience.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for the item and service – 53.7%
- increase in fuel prices and energy – 14.9%
- increase in prices of materials and raw materials – 13.4%
- the change of the euro/zloty rate – 3.0%
- competition – 3.0%
- changeable weather conditions – 3.0%
- the change of credit conditions – 1.5%
- greater caution of investors – 1.5%
- crisis – 1.5%
- a shortage of raw materials for non-financial reasons – 1.5%
- insolvency of contractors – 1.5%
- demanding clients – 1.5%

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 67.6%,
- prices of materials and raw materials – 5.9%
- the euro/zloty rate – 5.9%,
- prices of fuel and energy – 2.9%
- hard work, reducing the cost of company – 2.9%
- expanding services – 2.9%
- business expansion – 2.9%
- purchase of a vehicle with a higher load-capacity – 2.9%
- hard to tell – 5.9%

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

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It is generally known that the companies function in a particular external environment – a socio-economic surrounding, whose quality affects the functioning of companies. In this regard by the most of the surveyed – 53.2% – the economic situation in the region during the last 6 months has not changed, by 39.6% – deteriorated and only by 7.1% of the surveyed it improved. As has already been mentioned such a diversity of opinion certainly comes from the subjective experience in the market. If a company prospers effectively, this propensity to positive environment in which it operates is greater (and vice versa).

Respondents forecast how the economic situation in Zachodnipomorskie voivodship will change over the next 6 months. The results allow moderate optimism, negative scenarios predicting a deteriorating economic situation in Zachodniopomorskie voivodship were expressed by 12.3%, and 47.4% thought that the situation in the projected period would not change, 16.9% of the surveyed believes that it will improve, at the same time a large group of the respondents – 23.4% have difficulties in outlining future prospects.

Academically interesting is the attempt to observe the pace of changes in demand for services/products offered by the company in respect to the same period last year. The increase in the level of demand was mentioned by 21.1% of the surveyed, and the reduction by 39.1%, and the most numerous group cannot see any changes in the volume of demand – 34.4%. The remaining 5.3% of the respondents did not know how to estimate the changes in the context of the past year.

The respondents were forecasting the changes in demand for services/products offered by the company in respect to the same period next year. The obtained distribution of variables points to the change of the situation, the increased percentage of those who cannot predict what kind of changes will affect the demand – up to 31.8% of respondents, a relatively large group (30.5%) thinks that the demand will not be changed, the number of optimists in that matter is 27.9%, while pessimists have significantly dwindled to only 9.7% of indications. It should be noted that so high indicator in the last group, the number of persons who are not able to estimate the changes in the volume of demand (31.8%) leads to a conclusion that the situation on the market is so dynamically variable that respondents are not in a position to describe changes even in a relatively short period of the upcoming year.

One of the major factors determining the development potential of companies is the level of investment. Obviously, in order to strengthen its position in the market, be ahead of competition, a company must take pro-development actions, and one of these types of action are investments. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and in relation to local or regional development. The benefits of adequately realised investments are obvious and usually mean strengthening the position of the company in the market. No investment always results in stagnation and losing the market.

The primary (but not the only) way to invest is to increase the resources of tangible fixed assets of the company. In this regard companies of the Poviat of Kołobrzeski are on an unsatisfactory level, in 37.6% of the surveyed companies there were no investments at all, but the companies of the Poviat of Kołobrzeski which do invest usually choose the following goods – ranked by the multiplicity of indications:

- equipment (furniture, appliances) – 33.7%,
- vehicles – 12.2%,
- buildings, land – 16.6%.

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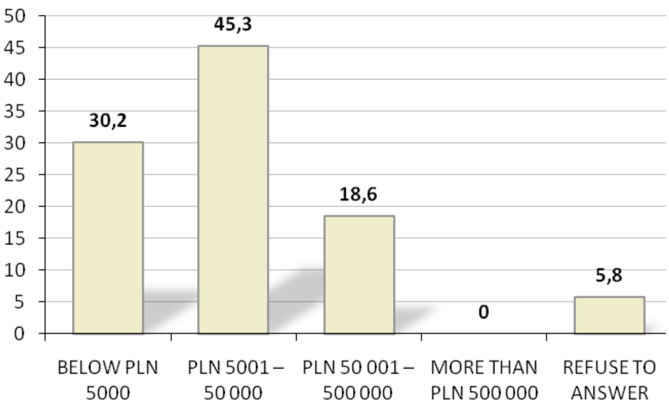
Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). Most respondents (45.3%) pointed out that the expenses incurred were in the bracket of PLN 50 000 to PLN 500 000, next groups of respondents declare increasingly lower amounts – 30.2% of the surveyed companies within the last 6 months invested in the development of their company less than PLN 5000. Without doubt, this suggests a small scale of their operations, and its sector specificity – the firms involved in minor services mostly do not require costly equipment. In contrast, a relatively large group of companies – 27.6% invested sums in the regions from 50 000 to 500 000, and there were no companies invested over 500 000, while 5.8% refused to answer this question.

Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

The respondents also forecast possible investments in the course of the next six months. The resulting data are worrisome, because 51.3% of the surveyed companies will not plan over the next six months to incur expenditure for the purchase, lease (leasing) or refurbishment of the vehicle(s), equipment or immovable property, while 33.8% of the surveyed declares such intentions, and 14.9% cannot answer this question. If entrepreneurs understand the importance of investment, then the lack of investments of this type will inevitably lead to the inability of increasing already existing fixed assets of the company.

On the basis of subjective experience respondents also made a forecast for the situation regarding their own company for the next 3 years.

- it will be better than today 22.3%
- the situation of the company will be similar to the present 17.6%
- the company will fail in liquidation 7.8%
- it will be worse than today 2.6%
- hard to tell 49.7%

Although optimists are the majority (22.3%) among those who have made clear evaluation of their business prospects, the uncertainty of the market situation is still looming large in the number of companies (49.7%) which are not in a position to evaluate their own

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prospects in the years ahead. It is difficult to talk about strategic planning of a company's development, since the firms have no elementary sense of stability.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel. Partnerships and networking economic links between enterprises can be included to external growth strategy, and as regards its duration and the dimensions, it can be short or long-term cooperation and may be more or less developed.

In this regard the Poviat of Kołobrzeski compares rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. The overwhelming majority – 74.1% of the surveyed companies do not co-operate with other entities. In respect of the remaining 25.9% of the companies that undertake to cooperate with other firms, they do it with: companies operating in the region (12.1%), self-governing units (2.3%), consultancy companies (1.1%), business incubators (1.1%), NGOs (1.1%), Government units (1.1%), educational institutions (1.1%).

Another important issue is applying by entrepreneurs different forms of cooperation with companies in the region. The vast number of indications – 90.1% suggests not carrying out any forms of cooperation with other operators, others (9.9%) lead some cooperation of the type: joint venture – 5.3%, concern – 1.3%, syndicate, holding, agency, cooperation, cooperation agreement – 0.7% each of them. The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to the low use of support from public institutions. The vast majority – 87.2% of the respondents declare that they do not use any available forms of support, the remaining 12.8% of companies benefited from: the increase of employment in the company – 4.5%, funding the social security contribution and funding for setting up a business – 1.3% each, on training and courses for employees, tax levy funding, funds on machinery – 0.6% each, at the same time 3.8% of the surveyed not being able to answer this question.

As these data relate to the three previous years, their negative values are especially worrying. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. A partial answer to this question is the statement that 20.1% of the surveyed cannot indicate any form of support from the units of local self-government, which could help the company's activities. Among the respondents who preferred some forms of support, the most important are the following: funding tax charges (26%), funding the ZUS contribution (24.4%), subsidies to increase employment (16.9%), and grants for training courses for workers (11.4%) (fig.7).

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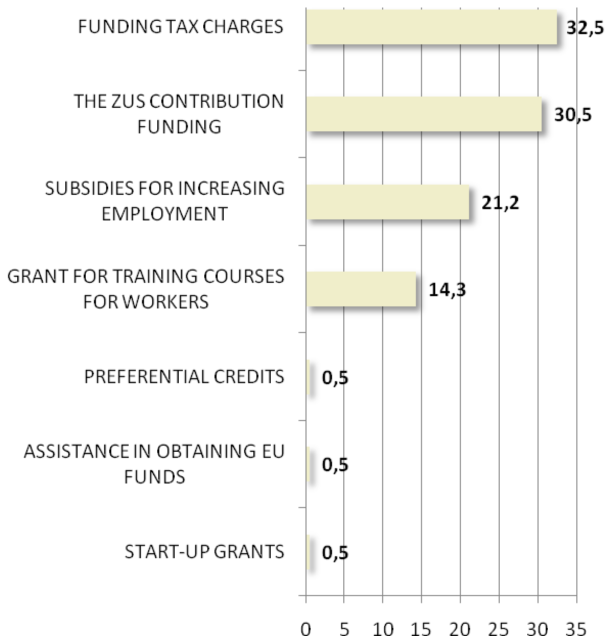
Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

The extent of economic exchange

The economic exchange in the EU takes place on a common internal market, which, firstly, covers the entire EU territory and, secondly, is based on the principle of the four freedoms: the movement of goods, persons, services and capital. You can therefore conclude that analyzed districts participate in this area on the principles of free competition.

Economic exchange conducted by members of the trade in the discussed Poviat is limited spacewise – 90.9% of the surveyed companies did not have any international exchange experience, 3.9% of them had some goods or services export experience, 4.5% of them had goods or services import experience, and 0.6% export-import of goods or services. The few companies which do export their products sent them mainly to: Germany (25%) and other UE countries and Scandinavian countries.

The forecasts for export volumes in the context of the next six months are rather optimistic by 28.6% of the surveyed – the export level will increase during this period, while the opposite view is also held by 14.3%, 28.6% of surveyed think that exports remain unchanged. 28.6% of respondents cannot predict the trends in export.

Innovation in enterprises

As already mentioned the competitiveness of enterprises is determined by many factors of the external and internal nature. The first group of factors includes such as: State policy and the condition of the available infrastructure, to other group includes the internal factors, e.g.: the type of management, held capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is exceptionally merit-type of a factor for development, since it determines not only the pace and directions for economic development on an individual scale, but on a local, a regional and an international scales as well.

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The innovation rate in business in the area of the Poviat of Kołobrzeski is very low, because only 9.7% of companies declare that in the period of 2007-2009 they applied some innovations, the remaining 90.3% did not take any innovative actions. In respect of the companies which applied some form of innovation, the source of their innovation was: (listed due to the declining number of indications):

- purchase technology – 50%
- copying ideas and solutions from competition – 27.8%
- purchase of licenses – 11.1%
- own ideas – 11.1.%
- purchase of research results prepared by R&D institutes – 8.3%

These data indicate low own potential of companies. However, what is worth noting is that the most common choice made by the companies in the Poviat of Kołobrzeski, ethical, though financially expensive, is the purchase of technology.

The respondents also defined obstacles they experienced in implementing innovative solutions. The main reason for applying innovation on such a small scale is the inability to finance innovative businesses – 26.5% of answers and too large risks associated with the implementation of innovation – 16.6%, additional reasons are: the lack of potential interest in new products/services from client – 9.3% and the lack of needs of innovation, because of too short a period of operating on the market – 5.3%. Unfortunately, up to 42.4% of the surveyed were unable to diagnose the reasons for which innovation was hampered or impossible.

Activating entrepreneurs of the Poviat in question has more chances of success, in the context of co-operation with other entities for taking innovative actions. Noticeably, the pace of growth of innovation and new technologies in an enterprise and a region are determined, among others, by the volume of institutional funding on research, development and innovation.

Unfortunately, in this regard, over half of the surveyed – 70.9% doesn't have any expectations and 11.5% cannot answer this question. And therefore until 82.4% of all respondents of the Poviat of Kołobrzeski has no knowledge of elemental on the role of cooperation with other entities in the field of innovation. Answers other imagined (17.6%) as follows: most indications obtained creation programmes to promote technological development at the level of municipalities – 6.7%; then indicated the need to build a system of information on technological companies showed 4.8%, the need for the construction of an information system on offers from units B+R – 2.4%; to increase the quality and the degree of adjustment tenders units B+R to the needs of companies – 2.4% and institutional infrastructure development in the field of brokering and transfer of technology – 1.2%.

These data (only 11.5% of the respondents answered this question) indicate a lack of knowledge about the role and importance of innovation, which suggests some economic underdevelopment of this Poviat. It is additionally noted that among the surveyed companies, there are units which are difficult to recognize as fully equipped to operate in a modern society. In highly developed economies (94.8%) using the Internet is a standard, but it is still not met by 5.2% of the companies of The Poviat of Kołobrzeski – they do not have their own website, nor do they enjoy various types of search engines and Web browsers or e-mail.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting

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the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The emerging picture is somewhat alarming. 87.2% of the surveyed companies in the Poviat of Kołobrzeski have never been using EU structural funds. The remaining (12.8%) have used them mainly for: the development of technical infrastructure – 4.5%, to increase their employment – 1.3%, to enhance the staff qualifications – 1.3%. Refunds for the prohibition of fishing, co-financing of business start-ups and the procedure for obtaining ISO certificates – 0.6% of indications each. While 3.8% of the surveyed cannot answer whether, and if so, on what the company has spent the EU structural funds. Unfortunately, such a low level of the use of funds stems from the lack of interest in this type of support – up until 38.1% of respondents do not want to benefit from the EU structural funds. Comforting is that a high percentage of surveyed (51.6%) is interested in the use of funds from the EU structural funds.

The entrepreneurs who did use EU grants defined the barriers limiting their effective gaining the resources (the following factors are organized by declining importance):

- bureaucracy and ambiguity of EU request forms – 29.9%
- limited access to information about programs – 16.0%,
- cost of preparing applications – 14.9%
- short term preparation – 9.3%,
- the necessity of own contribution – 7.5%,
- hard to tell – 5.7%.
- the lack of interest – 7.9%
- the lack of adequate programmes for a given branch – 1.1%
- uncertainty of receiving the funds and high application expenses – 0.4%
- stringent restrictions when obtaining structural funds– 0.4%
- difficult accessibility – 0.4%
- age of the applicant – 0.4%

As shown above, the previous experience of the entrepreneurs in the Poviat of Kołobrzeski with applying and using EU structural funds is not very positive. A significant proportion of the companies, indeed, have no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of Kołobrzeski in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the district, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

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The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

- the increase of population caused by positive birth rate and migration;
- changes in the population age structure – permanently decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over
- the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

- the increment of the rate of the number of working for 1000 people, which can suggest greater employing propensity of firms,
- the growth in average monthly gross salaries,
- a systematic decline in the number of unemployed people (4-th place).
- in 2008 as many as 11 groups of prospective professions were reported, with two balanced profession groups. A general indication of the surplus intensity rate in the Poviat of Kołobrzeski was very high (0.85), and compared with 2004 increased greatly, which was a significant improvement in the situation of unemployed people in the labour market.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential. However, there were clear indications of the economic upturn, evident from the analysed economic indicators like: the growth in the number of economic subjects, and in particular commercial companies which are so important for economic development of the region, the increase of investments in companies (by 82.9%) and higher than in 2004, the gross value of fixed assets. But there were also clear signals of braking development, the evidence of which can be the decrease of the industrial production sold and no growth of the Poviat's contribution to the voivodship value sold, which stayed on the same level as in 2004, and the income and expenditure budgets of the Poviat per capita, which gave the Poviat of Kołobrzeski the 9-rd and 8-th place among the Poviats of earthly in the voivodship.

Another conclusion from this analysis is that the development of entrepreneurship in the Poviat will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat of Kołobrzeski, and developed on the basis of our own research allows to indicate some characteristic features for this group. The surveyed firms are engaged primarily in service sectors, which are dominated by tourist industry. As for the structure of the companies, the commonest being microenterprises, registered in the form of natural person businesses. The Poviat's companies with greater business experience, functioning over 8 years, and those with smaller experience, mostly below 5 years, seem to be in a balance.

The assessment of prospects for changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail. Because the economic situation is still unstable, very few declarations for cuts in employment are caused by a positive assessment of the firm's situation.

The conclusion that can be drawn from the received answers is that business activity is impeded primarily by different structural barriers (strong domestic and foreign competition, insufficient demand on the domestic market and uncertainty about the economic situation) and

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formal barriers (too heavy bureaucracy, no concept for the development of a city/municipality, a poorly developed infrastructure, high tax burdens). Despite the obstacles, which operating businesses face from public institutions, the latter subtly promote this sector, as well. In addition, positive examples of support obtained from public institutions occur infrequently, and for most companies the State (and its different institutions) does not have any interesting offers (or at least they are not generally known to public) to support business enterprising.

However, it should be also noted that entrepreneurs are not very active in seeking additional opportunities related to supporting the development of the company – whether through public aid, or by linking capabilities with others. Generally the company focus is primarily on consolidating its place on the market. Co-operation and partnership with other enterprises or public institutions is rather limited.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is a small share of innovative solutions used in businesses.

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate to much different rules from those of small and medium companies;
2) a series of institutional and procedural barriers need removing in the process of setting up and running a business both at national and local levels;
3) due to the specificity of business activities in the Poviat – the importance of tourist industry and ventures in transport and communications, a special attention should be paid to enterprises operating in these areas. Making detailed consultations with representatives of companies will allow to develop specific solutions to support existing development potential of the mentioned branches;
4) special attention should be drawn to creating opportunities to improve professional skills by both corporate employees as well as by their owners, which requires action, whose goal is to change attitudes especially of the latter group. Companies are struggling with similar problems, but their solutions largely depend on intuitive decisions of individuals – hence the situation of businesses operating in the same sectors is so varied;
5) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
6) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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4. The Poviat of Koszaliński

Introduction

Territorial Division

The Poviat of Koszaliński is situated in the east of the Zachodniopomorskie voivodship. It borders with four neighbouring Poviats: Białogardzki, Kołobrzeski, Sławieński, Szczecinecki and The Baltic Sea and Pomorskie voivodship. In the centre of the Poviat is located the municipal Poviat of the city of Koszalin. In 2008 it covers the area of 1668 sq. km, which accounts for 7.3% of the area of the whole voivodship, and has the population of 64.7 thousand which is 3.8% of the whole voivodship population. With these figures the Poviat of Koszaliński ranks on the 3-rd and 8-th place respectively in the whole voivodship. The Poviat consists of 8 communes: an urban-rural Bobolice, Polanów and Sianów communes, and rural: Będzino, Biesiekierz, Manowo, Mielno and Świerzyno communes. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 98.3% and put this Poviat on the 1-st place in the voivodship. Respectively the urban area ratio was on the level of 1.7% which meant the last place in the voivodship.

In the whole Poviat there are 319 towns and villages with the proportion of 316 villages and only 3 towns: Bobolice, Polanów and Sianów. The character of the Poviat is agricultural and touristic, featuring a large leisure base (Mielno commune) and many agrotourism.[25]

Fig. 1. Administrative borders of the Poviat of Koszaliński
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect

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[25] *The Poviat of Koszaliński development strategy for the period 2005-2015. The annex to the decision XVIII/191/2005 of the Council of the Poviat in Koszalin of 26 April 2005, Koszalin, 2005.*

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to all entrepreneurs taking part in the research. In the analysed population, the gender regression is ideally symmetrical: 50% of men and 50% of women. The next variable was the age of the respondents – the analysed population indicates the preponderance of people aged 46-55 – 33.3% of the whole population, and the second group of respondents are, people aged 36-45 – 27.1%. In the test group there can be seen some domination of older age categories. With regard to all respondents, most of them had a secondary education – 45.8%, and tertiary education – 32.3%, a vocational education – 19.8%, and primary education – 2.1%. The last variable is the job or post they hold. Thus there were 63.5% of firm owners, 8.3% of chief accountants, 2.1% of chairpersons and directors, 1.0% of HR workers and 24.0% of people responsible for talks in the company.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 the Poviat of Koszaliński population slightly increased (by about 1.5%). The causes of this phenomenon should be sought primarily in the vicinity of Koszalin, in recent years a commonly observed trend is the flow of city population to the communes around them.

The Poviat of Koszaliński belongs to very sparsely populated areas, the average population density rate in 2008 was 39 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level.

In 2008 The Poviat of Koszaliński all city population was 13.9 thousand people, which in turn determined the urban demographic rate on the level of 21.5%, being much lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, The Poviat of Koszaliński seems to be a region of low urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rate the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in the Poviat of Koszaliński in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	63696	64205	64681
Urban demographic rate	22,0	21,8	21,5
Rural demographic rate	78,0	78,2	78,5
Population density per 1 km^2	38	38	39

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological and economic age groups. As for the first criterion, the following age groups can be distinguished: 0-14, 15-64, and 65-plus. This division shows the degree of demographic aging

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for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 1.3 thousand, and its general ratio to the total population of the region fell from 19.5% to 17.2%. In the next age group, i.e. age 15-64, there was an increase from 44.9 thousand to 47.1 thousand in the respective years. However, the ratio of this group to the total population increased from 70.5% to 72.8%. The last age group population, i.e. age 65-plus increased by 1.8% and its ratio to the total population stayed on the same level. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Poviat of Koszaliński the percentage of people in the pre-productive age group was 21.7% (in the voivodship – 19.1%), in the productive age group – 66.2% (65.9% in the voivodship) and in the post-productive age group – 12.1% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 2.4%) and post-productive age group (by 0.5%), and a simultaneous decrease in the pre-productive age group (by 2.9%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in The Poviat of Koszaliński 686 new children were born, which accounted for a 5.7% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 10.6 live births (10.8 in the voivodship) and only 10.2 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in a given area. In the years 2004-2008 in the Poviat in question there was an increase of the death rate by 0.9%. For each 1000 inhabitants in 2008 there were 8.7 deaths (9.7 in the voivodship), and only 8.8 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Koszaliński in all the years in question amounted to over 50%.

The population growth, based on the number of live births and the number of deaths in The Poviat of Koszaliński in 2008 was positive (125 people) and compared to that from 2004 had increased. After conversion for each 1000 people, the growth ratio was on the level of 1.9 (1.1 in the voivodship), whereas in 2004 it had a value of 1.5.

Tab. 2. Natural migration of people in The Poviat of Koszaliński in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	10,2	11,0	10,6
Total death rate for 1000 people	8,8	9,2	8,7
Natural growth rate for 1000 people	1,5	1,8	1,9

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the Poviat of

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Koszaliński in 2008 the total migration rate was positive and amounted to 199 people, which was caused by the influx of population from other Poviats and towns, less frequently from the country. For each 1000 people in the Poviat the migration rate was 3.1 people, and was higher than in the voivodship (- 0.8 people).

The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Poviat of Koszaliński in 2007 there were 7.4 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 5.2%. In the analysed period there was a significantly bigger increase in the employment of women (by about 9.0%).

For each 1000 people in 2007 there were 114 people (with the average rate for the Zachodniopomorskie Voivodship 193) employed in the firms with nine and more workers, which ranked the Poviat on the 20-th place in the voivodship (before Kamieński). The analysis of the employment rate shows its low growth compared to 2004, which might indicate a low tendency of firms to employ new workers.

Tab. 3. Workers and salary in the Poviat of Koszaliński in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	7007	7442	7368	105,2
men	3648	3841	3706	101,6
women	3359	3601	3662	109,0
Workers together with individual agriculture	9420	9855	9781	103,8
in% of the agricultural sector	30,5	29,2	29,9	97,8
industrial	27,5	28,5	26,8	97,2
supporting	41,9	42,4	43,4	103,4
Average monthly gross salary of PLN	1962,48	2114,31	2296,30	117,0

Source: *Own analysis based on the data from the Central Statistical Office.*

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Poviat of Koszaliński in

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2007 the number of people employed was 9.8 thousand. The employment structure sorted by economic sectors shows that 29.9% of the employed worked in agriculture (11.8% in the voivodship), 26.8% in industry and 43.4% in services. Since 2004 the employment in the service sector slightly increased, and it did so at the expense of agriculture (a smaller drop) and in the sector industry (a bigger drop).

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was PLN 2296.30 and it was more than in 2004 by about 17.0% (in the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by about PLN 320.00). With respect to the pay rate, the Poviat was on the 11-th place.

In the Poviat of Koszaliński, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 4225 people unemployed (in which women made 60.5%). Since the beginning of the analysed period the number of unemployed dropped by 52.9% (54.8% in the voivodship), and the drop referred mainly to male workers. 80.2% of the unemployed lived in the countryside (the most compared with other Poviats) and the tendency of high unemployment rate there seems to be on the increase – the percentage of unemployed people living in villages was higher than in 2004.

The registered unemployment rate in the Poviat in 2008 was 21.6% (with the average for the voivodship 13.4%) and it gave the Poviat the 12-th place in the Zachodniopomorskie voivodship. By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a slight decrease of the unemployed not entitled to state welfare money (by 4.2%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still worryingly big – in 2008 it was 75.5% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 5.0%), and a decrease in all other age groups (the biggest in the 35-44 age group and below 25 age group). There were also more unemployed people with a vocational education and fewer unemployed with a general secondary, post-secondary and secondary vocational education and university education.

The situation on the job market is determined in a close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and the job postings made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in the Poviat of Koszaliński were only found in such big professional groups as: vocational teachers and instructors, trade and services, and executives of small and medium-sized factories. Apart from the groups mentioned above (with deficit jobs), other groups were unbalanced with surplus jobs. The highest values of the surplus intensity rate were found in such professional groups as: fine mechanics, ceramics and printing, farmers and fishermen working for their own needs, farmers, gardeners, foresters and market oriented fishermen and other specialities. In comparison to 2004 the average surplus intensity rate hardly increased, which means only a small improvement for the unemployed on the job market.

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Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In The Poviat of Koszaliński in 2008 in the REGON register there were 6.8 thousand firms and businesses which accounted for only 3.2% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 10.1% (with the increase by 5.5% in the voivodship). From among all businesses operating in the area in 2008 over 97% came from the private sector.

Considering the competitiveness of the Poviat of Koszaliński with regard to the business saturation, it only ranks on the 11-th place in the voivodship. On average, the Poviat has 105.5 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Koszaliński is a weakly developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Poviat of Koszaliński in 2004, 2006 and 2008

SPECIFICATION		2004	2006	2008
All economic subjects		6201	6502	6827
for 1000 people		97,4	101,3	105,5
by economic sectors in %	agriculture	6,2	6,0	5,7
	industry	17,3	18,0	20,0
	services	76,5	76,0	74,3

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 96% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 3.0%, and medium businesses only 0.5%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro and small businesses in the Poviat increased, and that of medium businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status, it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat of Koszaliński was represented by natural persons running their own businesses (83.6%), with the next place going to trade companies with 3.6%, associations and social organisations with 2.2%, co-operatives with 0.5%, and foundations with 0.2%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 37.9 trading companies for 10000 people in the Poviat, giving it the 13-th place in the voivodship. Compared to 2004, the number increased by 22.5%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 102 such companies in the region, which, when set against 10000 people, gave

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15.8 units. Companies with foreign capital accounted for 41.6% of all trading companies in the Poviat, and their number compared to 2004 decreased by 15.9%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Poviat of Koszaliński the firms from the service sector were the most numerous with the number of 5.1 thousand they accounted for 74.3% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 67.2% of all businesses in the Poviat, and non-market services by 7.1% of firms. The percentage of firms from the industrial sector was more than 20.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails, on average, more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.4 thousand, which was only 5.7% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that over 60% of the firms in the region in 2008 came from three sectors: trading and repairing, hotels and restaurants, building services and services for housing and firms.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[26] In 2008 in the Poviat of Koszaliński REGON register 637 new firms were registered, which gave 9.8 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: trade and repairing sector 23.5%, building 22.8%, hotels and restaurants 19.6% and services for housing and firms 10.4%.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Koszaliński in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	445	574	637
for 1000 people	7,0	8,9	9,8
All checked out firms	328	466	489
for 1000 people	5,1	7,3	7,6

Source: *Own analysis based on the data from the Central Statistical Office.*

In 2008 in the Poviat of Koszaliński 489 firms were crossed out from the register. For 1000 people it gave 7.6 units (9.6 in the voivodship). Considering the sections from the Polish

[26] *The Report on the condition of small and average firms in Poland in 2006-2007*. Prepared by Polish Business Development Agency, Warsaw 2007.

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Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, hotels and restaurants, services for housing and firms. However, it should be stressed that more firms were registered than checked out.

Using the shift-share analysis, the level of competitiveness of the Poviat of Koszaliński can be assessed. The level is referenced to the Zachodniopomorskie voivodship with respect to the number of national economy subjects according to the PKD classification code.

Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). The level of competitiveness of the area (KO) illustrating the differences between the growth rate in the Poviat in comparison to the voivodship is high, and its positive value shows high competitiveness of the Poviat. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the Poviat of Koszaliński in 2007 it was worth PLN 408.7 million and it was 1.8% of the total production sold in the voivodship. Compared to 2004 there was an decrease in the production sold in the Poviat by PLN 62.5 million, and thereby the Poviat's contribution to the production sold in the voivodship also increased.

The industrial production sold for one person in the Poviat was in 2007 PLN 6349.00 (with the average for the voivodship PLN 13447.00). That gave the Poviat the 14-th place in the Zachodniopomorskie voivodship. The leading areas in industrial activity were the following Poviats: Goleniowski, Policki and Szczecinecki.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 persons in the Poviat of Koszaliński in 2007 amounted to PLN 40.3 million and were lower than those incurred in 2004 by about 38.8%.

The highest expenditures were incurred in the industrial sector, then in services (primarily in the market services) and agricultural sector. Since 2004 the expenditure incurred in the agriculture sector decreased, while in services – increased. The volume of investments per capita equals to PLN 626, and was much lower than the average in the province and put Koszaliński on the 19-th place among other Poviats of the Zachodniopomorskie voivodship, before Pyrzycki and Choszczeński.

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Tab. 6. Investment and gross fixed assets in the Poviat of Koszaliński in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	65,8	39,1	40,3	61,2
in % agricultural sector:	20,5	26,3	17,4	84,9
industrial	54,5	32,5	43,6	80,0
market services	24,5	40,4	37,5	153,1
non-market services	0,5	0,8	1,5	300,0
per capita in PLN	1035	610	626	60,5
The gross value of the asset in million PLN	548,9	614,1	687,4	125,2
in % agricultural sector:	17,0	16,9	15,9	93,5
industrial	55,5	62,2	63,2	113,9
market services	25,4	19,4	19,3	76,0
non-market services	2,1	1,5	1,6	76,2
Per capita in PLN	8617	9564	10679	123,9

Source: *Own analysis based on the data from the Central Statistical Office.*

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the district was PLN 687.4 million and was higher than in 2004 by 25.2%. The highest gross fixed assets were recorded in the industrial sector, then in services (primarily in the market services) and agricultural sector. Compared with 2004, the capital expenditure in the industrial sector increased, while on agriculture and in services decreased. According to the gross worth of fixed assets per capita in 2007, Koszaliński Poviat was on the 13-th place in the voivodship.

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities).

In 2008, the Poviat of Koszaliński received for the execution of its tasks, 59.1 million PLN (about 32.6% more than at the beginning of the investigation period). It was PLN 916.39 per capita, which was the 6-th place among the Poviats of earthly. The expenditures amounted to PLN 56.3 million of which investment expenditure property constituted only 6.6% (16.7% in the voivodship). The growth of expenditure in the Poviat (compared with 2004) was lower than the revenues. Spending per capita placed the Poviat on the 7-th place among the Poviats of earthly.

The budgets of districts of the Poviat of Koszaliński in 2008 drew the joint income equalling to PLN 187.6 million and the amount of income per capita placed the Poviat on the 6-th place in the province. Municipalities spent PLN 192.2 million, in which property investments accounted for an average of 17.8% of the total expenditure budgets of these communes. Compared with 2004, the expenditure of municipalities increased more slowly than their revenue.

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Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within the Poviat of Koszaliński in 2004, 2006 and 2008 in PLN

SPECIFICATIONS	2004	2006	2008	2004=100
Poviat budget revenue	44575509,00	49417812,29	59125559,08	132,6
per capita	700,98	771,11	916,39	130,7
Poviat budget expenditure	43777626,00	49931881,16	56263813,07	128,5
per capita	688,44	779,13	872,04	126,7
Revenue of municipalities' budgets	121175298,00	154082032,81	187594373,43	154,8
per capita	1905,57	2404,26	2907,54	152,6
Expenditure of municipalities' budgets	127987819,00	162532216,58	192211758,66	150,2
per capita	2012,70	2536,12	2979,10	148,0

Source: *Own analysis based on the data from the Central Statistical Office.*

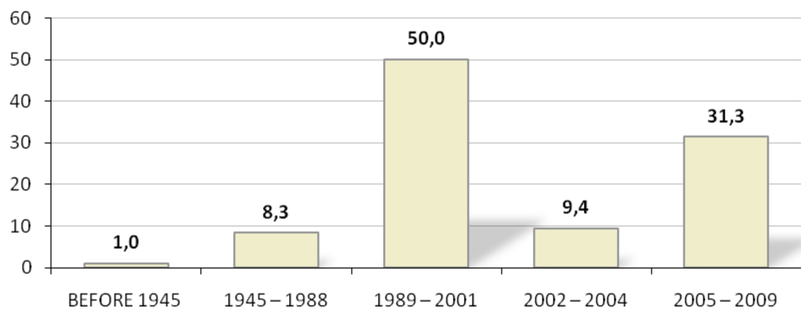
Own research results

A. The State and structure of the economic activity of the companies surveyed

Entrepreneurs and their companies – characteristics of the business

The number of registered traders in the Poviat of Koszaliński after 1989 has been dynamically increased, during 12 years (till 2001) newly created firms accounted for up to 50% among companies still present on the market (fig. 2). In the years 2002-2004 there is a notable decrease in the number of newly registered companies, there appeared only 9.4% of companies. The then stagnant country caused the deterioration of the situation on the labour market and economic instability of private initiatives. During the last five years (the period 2005-2009) the number of newly registered companies again is a growing trend – there arrived 31,3% of new enterprises. Presented data refer to companies which still operate on the market, and they do not show the absolute increment of the number of companies in the Poviat – obviously, at the same time some number of companies closed down. In principle it should be noted that the companies existing in the Poviat are those which have already had some experience and their activities began at the time when free market economy was being introduced to Poland, or such companies that have been present on the market for a short time – and because they emerged during the global prosperity it is difficult to determine how they will manage their businesses throughout a crisis.

Fig. 2. The year of founding a company



Source: *Own research.*

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With regard to the companies in the Poviat, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 84.4% of all companies investigated, then come small companies – 9.4% and the average – 5.2%. Large companies were represented by 1%.

Next, regarding the type of activities, single enterprises prevail – 81.3% and the remaining 18.7% goes to co-partnership companies (of which 9.4% limited liability partnerships, 4.2% civil associations, 1.0% particular partnerships, 1.0% public companies and 3.1% of cooperatives). So significant predominance of single firms may indicate a trend of changes on the local labour market – from employment, towards self-employment. Undertaking a business activity by individuals not having a legal personality enables relatively quick adapting to local and regional market conditions, and it requires relatively low start-up recourses and allows the owner to achieve the whole profit, while taking the total liability for the functioning of the enterprise.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies supporting services market. However, the location of the Poviat, its regional specificity and tourism in the Poviat of Koszaliński were the main causes of the so high share of tourist and trade companies in the region.

Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of Koszaliński are as follows:

- hotels and restaurants sector – 20.8%
- commercial sector – 19.8%
- transport, storing, communication sector – 11.5%
- industrial processing sector – 9.4%
- construction sector – 7.3%
- real estate sector, renting and business services – 7.3%
- companies in financial intermediation – 5.2%
- service sector – 4.2%
- educational sector – 4.2%
- agriculture, hunting and forestry sectors – 3.1%
- protection of health and social welfare sector – 3.1%
- production and distribution of electricity, gas, water sector – 2.1%
- fishing companies – 1.0%
- mining companies – 1.0%

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows that: 38% of companies hire people with higher education, 49% with secondary education, 31% with vocational education. In addition, in 8% of enterprises employ persons with primary education; in 5% of cases with gymnasium and without education. This means that 18%

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of companies use workers without acquired qualifications, which is possibly associated with the need for simple work being a type of supportive to the main business activity, which in turn raises the need for unskilled workers.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Koszaliński in 2008 in the case of 10.4% of companies the employment declined, then increased in 7.3% but in 82.3% of the surveyed companies there was no personnel traffic.

The main causes of the reduction in the number of workers were:

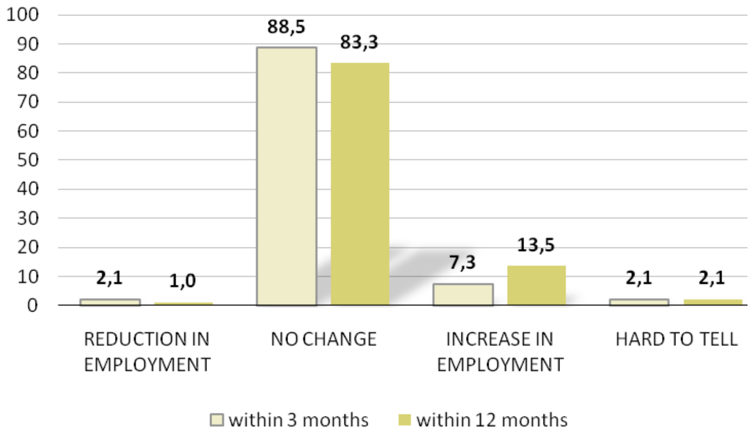
- the issues of external problem with
  - disposal of products and services – 30%
  - seasonal nature of work – 20%
- internal issues:
  - dismissing employees on their own request – 30%
  - retirement of workers – 10%.

In turn, the increase of employment in the company was due to the increasing demand for the products or services – 57.1% or the extension of the scope of their activities – 28.6%. In addition, 14.3% of respondents were not able to determine the causes of the increase in the number of employees in their company.

These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment. In addition, in the Poviat, we can see natural factors explaining personnel traffic in companies (retirement, the leave at their own request).

The declarative changes in employment within the next three months, and the nearest year are optimistic because in the short term only 2.1% and in the long run 1.0% of the surveyed plan to reduce the number of employees, as many as 88.5% or 83.3% don't plan changes in this regard, in turn, 7.3% (3 months) or 13.5% (a year) declares the increase of employment, while 2.1% (in each period) cannot predict changes in employment (fig. 3).

Fig. 3. Planned changes in employment



Source: *Own research.*

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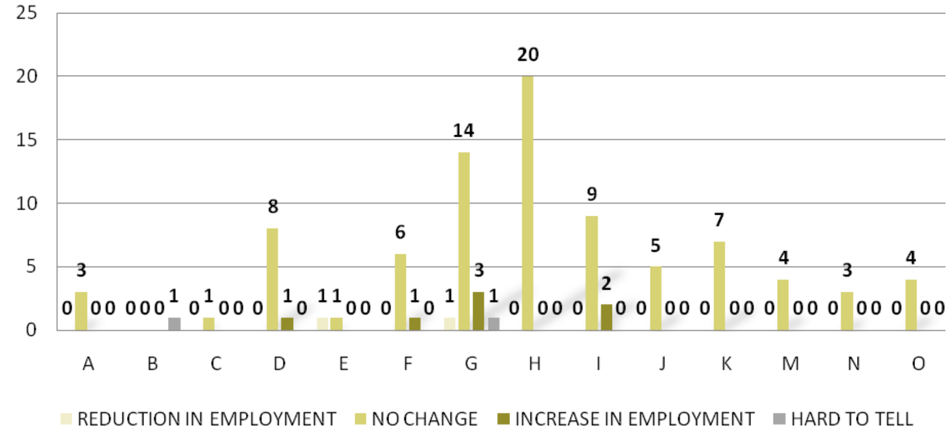
Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates (fig. 4). The reduction in employment is expected only in section G – wholesale and retail trade; repair of vehicles, motorcycles, and personal and household goods and D – industrial processing. A waiting attitude is dominant among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers. However, it should be noted that there are more companies which expected a future increase in employment than those expressing an opposite view. The biggest group expecting the growth in employment came from section G – wholesale and retail trade; repair of vehicles, motorcycles and personal and household goods; I – transport, storing, communication and D – industrial processing.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the Poviat of Koszaliński the need for specific professions is what follows: employees at work in trade and services – 42.9%; machinery operators and assemblers – 28.6%; industrial workers and craftsmen – 14.3%; and also persons to the so called unskilled work – 14.3%.

Depending on the required jobs, professional qualifications of prospective employees should be related to such as vocational training compatible with the profile of the company – 33.3%, secondary education and preferably compatible with the profile of the company – 16.7%, previous experience in a given profession – 16.7%. In addition, companies seeking persons with: a driving licence cat. B, a driving licence cat. C, E and permissions for handling machinery and equipment (16.7% each). It should be noted that the above qualifications and professional skills are not disjoint characteristics. A large group of respondents – 16.7% could not specify what qualifications and professional skills will be required from applicants.

With regard to the Poviat of Koszaliński the analysis refers to external recruitment process. Recruiting new workers has mainly a passive character (persons concerned come themselves to the company – 20.5% or are recommended by other people – 13.1%).

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The type of dominating recruiting methods leads to the conclusion that the labour market is so far in disorder that companies applying passive strategies are well aware of the effectiveness of these methods (and do not require effort on the part of companies). Moreover it indicates the presence of the so-called employer market where there is an excess of potential employees, where companies (due to high level of unemployment) can be in a privileged position. Businesses actively seeking new employees are using traditional intermediary forms in this area, mostly with the assistance of UP (the Work Centre) – 15.6%, and announcements in the newspapers or in the Internet – 4.1%.

The company's development potential – the company's remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this is the so called sensitive variable, which is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. With regard to the Poviat of Koszaliński over 35% of the respondents refused to answer. However, the obtained responses suggest that the salaries during the past and current years were given some level of dynamism. In 2008 the salaries were increased in 13.7% cases, in 2009 the number has only been 7.3% of the surveyed (tab. 8). The positive fact, in the context of the global downturn, is the declaration to keep the salary level unchanged; in 2008 46.3% of the respondents froze salary levels, but with regard to the 2009 this option was chosen by 53.1% of the respondents.

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

WYNAGRODZENIA	2008	2009
Zostały zwiększone	13,7	7,3
Zostały zmniejszone	4,2	2,1
Bez zmian	46,3	53,1
Odmowa odpowiedzi	35,8	37,5

Source: *Own research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human resources management. It is of course a cost-generating item, but in the long term enhances business. In the Poviat of Koszaliński a worrying signal is that up to 69.8% of the surveyed companies do not use this type of solutions. The remaining – 30.2%, declare using training but taking into account only essential training: marketing, finance, and sales and customer services, handling machinery and equipment trainings, management, ABC of business, special trainings for given professions, safety at work place training, quality management and insurances. They are to some extent investments in the company, rather than investment in human capital – developing employees. The situation in which companies do not invest in human resources, or not strengthen intellectual capital, always results in the lowering of development needs. However, this situation may be a consequence of the current economic crisis and the drastic looking for savings by enterprises.

Today, in the time of rapid growth of the importance of technology in the functioning of societies, each undertaking should be accompanied by technological developments. Significant

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characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. The relatively new technologies being used in enterprises in the Poviat of Koszaliński describe the potential of these companies as follows: 26% of companies use modern technological lines purchased in 2008/2009, 32.3% – within five years and 11.5% of companies use technological lines purchased before 2004. In terms of modernity procuring data are as follows:

- machines and modern devices – purchased in 2008/2009 – 25% of companies,
- machinery and equipment used from 3 to 6 years – 38.5% of companies,
- machinery and equipment used from 7 to 10 years – 11.5% of companies,
- machinery and equipment used for over ten years – 3.1% of companies.

From the presented data emerges a picture of companies that keep pace with the challenges of the market, by adjusting their solutions to modern requirements. However, the fact that 30.2% of the respondents not being able to determine the applicable company technology and 21.9% of the respondents could not specify the technological state of the machinery used in their company raises the concern that they did not want to admit to using in their companies outdated and old solutions which are generally disapproved of. This category cannot be firmly associated with the companies using the machinery and equipment older than 10 year. However, it can be assumed that a significant proportion of them are just such company.

B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Koszaliński the choice of location for their activity was determined by:

- the residence of the owner – 45.8%,
- the opinion that the Poviat of Koszaliński is a good location – 26.6%
- the availability of markets – 10.7%,
- the availability of cheap labour – 1.7%,
- the availability of supply – 5.1%
- the matter of chance – 3.4%.

The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market.

The presented data show that companies in The Poviat of Koszaliński knowingly or unknowingly apply a strategy for building a quality advantage, that is, they seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the

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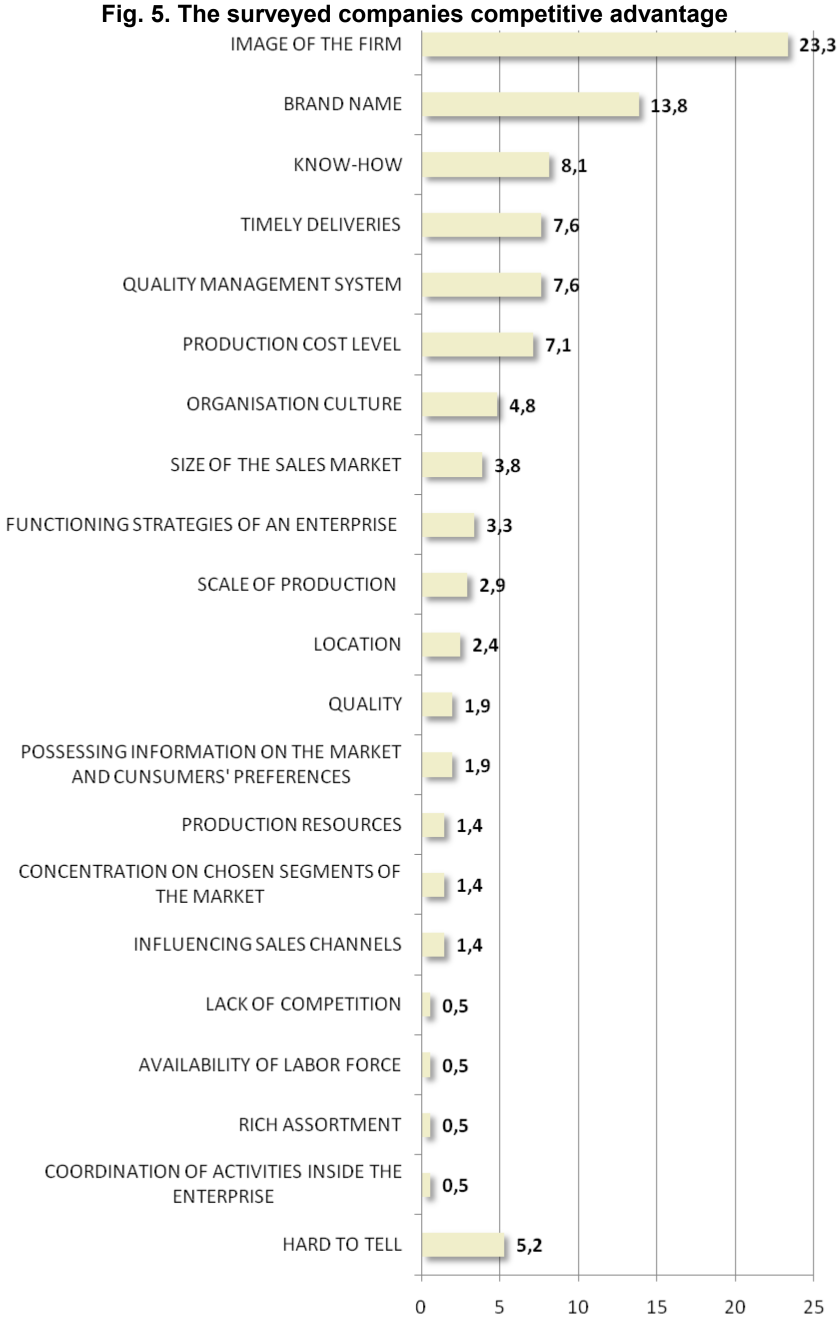
competition, while their potential clients being used to high quality (fig. 5). Some issue emerging from the answers of the surveyed was the inability to define the notion of competitive edge of a company (10%), even if this inability was displayed by employees, it is worrying that they do not have the knowledge of key topics for the company and its further development – as indeed gaining a competitive edge in some field allows the company to strengthen its position.

Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

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Most of the surveyed companies estimate their level of competitiveness as that of a local competitiveness – 61.2%. In the opinion of the respondents there are 4.9% of companies with competitiveness on the voivodship level, 10.7% – in relation to the entire country and 6.8% of respondents believe that they are competitive markets in the European Union. The remaining 12.6% cannot answer this question, or believes that they are not competitive – 3.9%.

Thus, the main competitors of the companies in the Poviat of Koszaliński are other local companies – 84.4%, and companies from Western Europe are seen as a potential competitor by 6.3% of the respondents, and domestic companies by 1%. The remaining 8.3% of the respondents couldn't answer this question.

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses. 10.7% of the surveyed companies declare that they encounter in their business activities some problems; however, the remaining 89.3% of the respondents have been experiencing some inconveniences or a crisis.

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- heavy bureaucracy – 15.2%,
- strong domestic and foreign competition – 10.2%,
- inadequate domestic demand – 10.2%,
- uncertainty overall economic situation – 9.6%,
- high load on the budget – 7.6%,
- no concept of development for cities/municipalities – 6.6%
- insufficient foreign market demand – 5.6%
- a poorly developed infrastructure – 5.6%
- the development of 'grey market' – 2.5%
- unstable weather conditions – 1.5%
- high energy prices – 0.5%.

Note the opinion of the respondents to the importance of constraints on their operation causes by the functioning of public institutions – they felt particularly affected by the heavy bureaucracy and high taxation of the State. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, with the frequent problems created by the State and its institutions. Another type of discomfort experienced by entrepreneurs is somehow the need to learn how to function in market economy, where strong competition mechanisms, constant pressure and taking risks are inherent elements of the game.

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications):

- difficulties in accessing funds necessary to operate – 5.1%,
- the lack of professional staff – 4.1%
- the shortage of raw materials, semi-finished products due to external reasons – 1.0%,
- staff costs – 0.5%.

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. The often undertaken efforts to overcome the crisis in the companies of the Poviat of Koszaliński are: reducing investment expenditure – 30.6%, or in general cessation of investment – 13.7%, the reduction in wages – 5.6%, the decrease in the

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level of employment – 4.8%, the decrease of working hours in employment contracts – 2.4%, sending employees to payless vacations – 1.6%, the reorganisation of the establishment – 1.6% and generally, the cost reduction – 0.8%. This means that to a great extent, the reaction to a crisis means restricting some aspect of business activity, which is a passive strategy.

Active steps aiming at overcoming a critical situation comprise such activities as: insuring investments 0.8%, and insuring concluded contracts – 0.8%, which are recommended strategies, to some extent securing against unforeseen and difficult situations or a crisis. Worrying is the fact that respondents in 27.4% have indicated that they do not take any concrete action in a crisis. In addition, 9.7% cannot completely define the ways to tackle difficult situations– it means that over 37% of the surveyed companies apply rather an "ostrich strategy" by 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 44.7% of the surveyed conclude that the situation of the company during the last 6 months has not changed, and 26.3% say that it has clearly improved. However, the opposite opinion was voiced by 25.6% of the surveyed which is a relatively large group. The assessment in this matter will always be largely subjective, due to the quality of one's own experience in business market.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for the item and service – 53.6%
- increase in fuel prices and energy – 17.9%
- increase in prices of materials and raw materials – 14.3%
- change in terms of crediting – 3.6%
- the change of the euro/zloty rate – 3.6%
- the change of the Swiss franc/zloty rate – 3.6%
- adverse EU regulations – 3.4%

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 65.4%,
- the seasonality of activities – 7.7%
- the euro/zloty rate – 3.8%,
- the Swiss franc/zloty rate – 3.8%
- co-operation with more contractors – 3.8%
- the enhancement of the quality of the services performed – 3.8%
- good luck – 3.8%
- the change of owner – 3.8%
- the increase of rooms for tourists – 3.8%

From the received answers one can draw a strongly ambiguous situation – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in the economy – some can use the skills for

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development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

It is generally known that the companies function in a particular external environment – a socio-economic surrounding, whose quality affects the functioning of companies. By 27.1% of the surveyed the economic situation in the region during the last 6 months deteriorated, by 49% has not changed, and by 17.7% of the surveyed it improved. Such a diversity of opinions is certainly caused by subjective experience in the market, if a company runs effectively this propensity to positive environment, in which it operates, is greater (and vice versa). Respondents forecast how the economic situation in Zachodnipomorskie voivodship will change over the next 6 months. The results allow moderate optimism, negative scenarios predicting a deteriorating economic situation in Zachodniopomorskie voivodship were expressed by 13.5%, and 44.8% thought that the situation in the projected period would not change, 16.7% of the surveyed believes that it will improve.

Academically interesting is the attempt to observe the pace of changes in demand for services/products offered by the company in respect to the same period last year. The increase in the level of demand was mentioned by 21.1% of the surveyed, and the reduction by 31.6%, and the most numerous group cannot see any changes in the volume of demand – 42.1%. The remaining 5.3% of the respondents did not know how to estimate the changes in the context of the past year.

The respondents were forecasting the changes in demand for services/products offered by the company in respect to the same period next year. The obtained distribution of variables points to the change of the situation, 21.9% considers that the demand should rise, 36.5% that the volume of demand does not change, but there are considerably fewer persons awaiting the decline of it – 9.4%. A relatively large group of the surveyed (32.3%) cannot estimate the dynamics of demand. Such a large number of those who are not able to estimate the changes in the volume of demand, as regards the future period, allows to conclude that the situation on the market is very dynamic, impeding or even preventing proper evaluation.

One of the major factors determining the development potential of companies is the level of investment. In order to strengthen the position on the market, and not to be pushed off it by competition, a company must take pro-development actions, and one of these types of actions are investments. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and in relation to local and regional development. The benefits of adequately realised investments are obvious and usually mean strengthening the position of the company on the market. No investment always results in the stagnation and the alienation from the market.

The primary (but not the only) way to invest is increasing the resources of tangible fixed assets of the company. In this regard companies of the Poviat of Koszaliński are on a non-satisfactory level, a relatively big group of 34.2% of the surveyed companies declared having made no investments at all, but the companies of the Poviat of Koszaliński which do invest usually choose the following goods – ranked by the frequency of indications:

- equipment (furniture, appliances) – 32.4%,
- vehicles – 17.1%,
- buildings, land – 16.2%.

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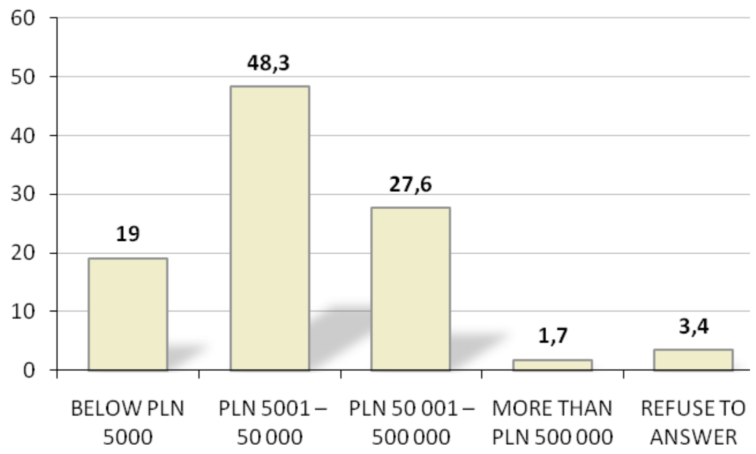
Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). Most respondents (48.3%) pointed out that the expenses incurred were in the bracket of PLN 5 000 to PLN 50 000. The next, relatively large group of companies – 27.6% spent on investments sums from PLN 50 000 to PLN 500 000, and 19% of the surveyed companies within the last 6 months invested in the development of their company less than PLN 5000. An expenditure of more than PLN 500 000 was declared by only 1.7% of companies and 3.4% of the respondents refused to answer this question. It can suggest a small scale of their operations, and their niche character – firms involved in minor business mostly do not require costly equipment.

Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

The respondents also forecast possible investments in the course of the next six months. The resulting data are worrying. Up to 49.5% of the surveyed companies plan over the next six months of 2009 to have expenditure for the purchase, lease, lease either for refurbishment of vehicles, equipment or property, and 20% cannot answer this question. Only 30.5% of the respondents plan, in the analysed period, to raise investments. There is a serious risk that no effort of this type will result in stopping the growth of existing fixed assets of the company.

On the basis of subjective experience respondents also made a forecast for the situation regarding their own company for the next 3 years:

- it will be better than today 31.3%
- the situation of the company will be similar to the present 20.8%
- the company will be worse than at present 5.2%
- the company will fail in liquidation 2.1%
- it's hard to tell 40.6%

Although among those who made clear assessment of prospect activities were mainly optimists (31.3%), the precarious situation of the market can be noticed from the biggest group

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of enterprises (40.6%) that are not in a position to evaluate their own prospects in the years ahead. It is difficult to talk about strategic planning of the company's development, since there is no elementary sense of the firm's stability.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel.

Partnerships and networking economic links among enterprises should be included to the external growth strategy, and what regards its duration and dimension, it can be in the form of short or long-term cooperation and it may be developed to a different extent.

In this regard the Poviat of Koszaliński compares rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. The overwhelming majority – 74.7% of the surveyed companies do not co-operate with other entities. In respect of the remaining 25.3% of companies that undertake to cooperate with other firms, they do it with: companies operating in the region (11.1%), self-governing units (4%); consultancy companies (3%), educational institutions (2%); Government units (2%), entrepreneurs out of the region – 2% and NGOs – 1%.

Another important issue characterizing entrepreneurs is the applied form of cooperation with companies in the region. The overwhelming majority – 86.5% of the surveyed companies do not co-operate with other entities. In respect of the remaining 13.5% of companies that do undertake some form of cooperating with other firms, 9.4% of them do it in the form of joint venture, association – 1.0% and in addition 3.1% co-operate only by exchanging goods and services.

The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to low use of support from public institutions. The vast majority – 87.6% of the respondents declare that they do not use the available forms of support, 4.1% of companies benefited from additional funding for investment, 3.1% of companies benefited from an increase in employment in the company and only 1% of companies use such forms of support as: grants for training courses for workers and has obtained tax levy funding, funding to Social Insurance contributions (ZUS).

As these data relate to the three previous years, their negative values are especially worrying. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. A partial answer to this question is the statement that 24.3% of the surveyed cannot indicate any form of support from the units of local self-government, which could help the company's activities. Among the respondents who preferred some forms of support the figures were: the ZUS contribution funding – 25%, funding tax charges – 23.6%, subsidies to increase employment – 14.9%, and grants for training courses for workers – 9.5% (fig. 7)

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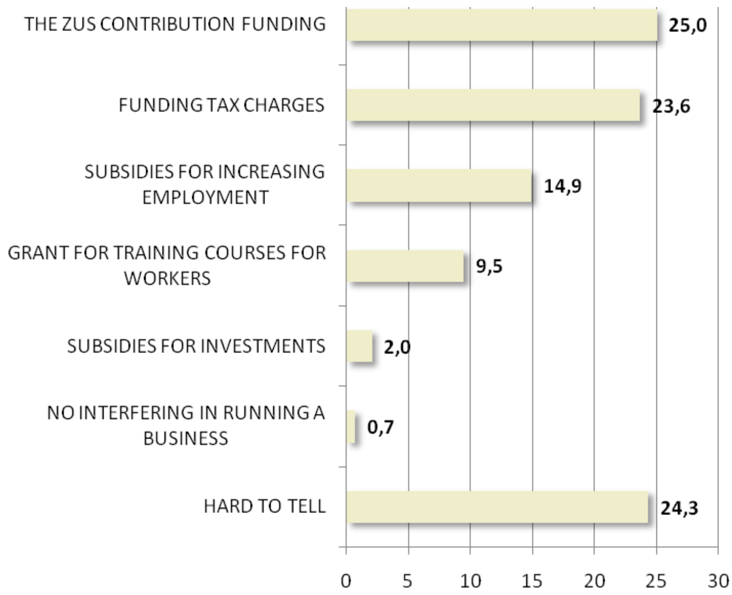
Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

The extent of economic exchange

Economic exchange in the EU in done on a common internal market, which first covers the entire EU territory, and the second is based on the principle of the four freedoms: the movement of goods, persons, services and capital. Therefore, the analyzed districts seem to be participating in this area on the principles of free competition.

Exchange enterprise conducted by members of the trade in the discussed Poviat is limited spacewise – 82.3% of the surveyed companies did not have any international exchange experience, 9.4% of them had some goods or services export experience, 2.1% of them had goods or services import experience, and 6.3% export-import of goods or services. The few companies which do export their products sent them mainly to: Germany (34.5%), France, Italy, the United Kingdom, Belarus and Ukraine.

33.3% of the respondents expect that over the next 6 months their exports will remain unchanged, 40% forecasting a rise and 26.7% of the respondents cannot specify directions in the dynamics of export.

Innovation in enterprises

As already mentioned the competitiveness of enterprises is determined by many external and internal factors. The first group of factors contains the State policy and the condition of the available infrastructure, to the other the firms' internal factors e.g.: management, floating capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is a crucial factor for development, since it determines not only the pace and directions for economic development in an individual sense, but also on local, regional and international levels.

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The innovation rate in business in the area of the Poviat of Koszaliński is low, because only 12.5% of companies declare that in the period of 2007-2009 they applied some innovations, the remaining 87.5% did not take any innovative actions. In respect of the companies which applied some form of innovation, the source of their innovation was: (listed due to the declining number of indications):

- purchase technology – 41.7%
- introducing innovation by partner/ co-owner – 16.7%
- purchase of licenses – 16.7%
- purchase of research results prepared by R&D institutes – 8.3%

Additional sources of innovation used in company, as pointed by respondents, were: the introduction of risk management within the company – 8.3%, and the purchase of manufacture machinery 8.3%. These data indicate low development potential of companies. However, what is worth noting is that the most common choice raised by the companies in the Poviat of Koszaliński, ethical, although certainly financially costly solution is the purchase of technology.

The main reason for applying innovation on such a small scale is the inability to finance innovative businesses – 30% of answers, too large risks associated with the implementation of innovation – 26% and the lack of potential interest in new products/services from client – 6% and obstacles of internal type: the lack of feeling for the need of innovation, the specificity of activities or attitudes of workers – 5% each. A relatively large number of the respondents (28%) were not able to diagnose reasons preventing them from taking innovative actions.

Activating entrepreneurs of the Poviat in question to take innovative actions has more chances of success, if done in co-operation with other entities. And the pace of growth for innovations and new technologies in specific enterprises is dependent, among others, on institutional funds spent on research, development and innovation. However, nearly half of the respondents (49.2%) do not have any expectations as for the form of support in their collaboration with others in applying innovations, and 15.3% cannot answer this question. And therefore as many as 64.5% of all respondents of the Poviat of Koszaliński have no rudimental knowledge on the role of innovative behaviour and the importance of cooperation with other entities in the field of innovation. The remaining group of the respondents – 35.5% expects as follows: for 9.3% would appreciate the creation of programmes to promote technological development at the level of municipalities, the same percentage pointed to the need of increasing the quality and the degree of offers from B+R to the needs of companies, 5.9% pointed to the need to build a system of information on technological companies, the same 5.9% indicated the need of constructing an information system about the offers by units B+R, and 5.1% of the respondents stressed the need for the development of institutional infrastructure in mediation and technology transfer.

These data indicate the lack of knowledge about the role and importance of innovation, which shows some delay in the economic development of this Poviat. However, it should be noted that the Poviat of Koszaliński in the vast majority (86.5%) declares using the advantages of modern IT tools such as the Internet. Companies from this group of respondents have their own websites, continually benefit from various types of search engines and Web browsers and e-mail. Only 13.5% of the surveyed companies still do not use multimedia tools such as the Internet.

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Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The picture which emerges from the analysis of the situation is very pessimistic. Unfortunately, 90.6% of the surveyed companies in The Poviat of Koszaliński have never used EU structural funds. The remainder (nearly 10%) admits to having used the funds primarily for start-up – 4.2%, increasing employment – 2.1% and 1% on the development of internal infrastructure, while 2.1% of the surveyed cannot answer whether, and if so on what, the company has used structural funds from the EU.

Such a low level of the use of funds is not caused by the lack of interest in this type of proposals – 38.1%. On the other hand, the entrepreneurs who use EU grants (50.5%) defined the barriers limiting their effective mobilising of the resources (the following factors are organized by declining importance):

- bureaucracy and ambiguity of EU request forms – 28.5%
- limited access to information about programs – 16.3%,
- the cost of preparing an application – 12.2%.
- short term preparation – 9.3%,
- the necessity of own contribution – 8.7%.

As it is clearly seen then, that the so far experience in raising funds from the European Union by the entrepreneurs in the Poviat of Koszaliński is not very positive. A significant proportion of the companies, indeed, has no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of Koszaliński in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the district, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

- the increase of population caused by the influx of population from Koszalin city;
- changes in the population age structure – permanently decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over
- the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

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Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

- the low increment of the rate of the number of working for 1000 people, which might indicate a low tendency of firms to employ new workers,
- the growth in average monthly gross salaries,
- a systematic decline in the number of unemployed people (12-th place in the voivodship).
- deficit professions in 2008 were only those from such profession groups like: vocational teachers and instructors, trade and services, and executives of small and medium-sized factories. The highest values of the surplus intensity rate were found in such professional groups as: fine mechanics, ceramics and printing, farmers and fishermen working for their own needs, farmers, gardeners, foresters and market oriented fishermen. A general indication of the intensity of the surplus was very low and increased since 2004 dramatically.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential. However, there were clear indications of the economic upturn, evident from the analysed economic indicators like: growth in the number of economic subjects, including commercial companies which are so important for the economic development, higher than in 2004, the gross value of fixed assets, the income and expenditure budgets of the Poviat per capita which gave the Poviat of Koszaliński the 6-th and 7-th place among the Poviats of earthly in the voivodship. It should also be noted that there are clear signals of hampering development, which manifests in the decreased industry production sold and in the participation of the Poviat in creating voivodship value sold, as well as reducing investments in companies (as much as 38.8%).

Another conclusion from this analysis is that the development of entrepreneurship in the district will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat of Koszaliński, and developed on the basis of our own research, allows to indicate some characteristic features for this group. The surveyed firms are engaged primarily in service sector activities, which they realise in different section types according to PKD. The profiles of firms mirror the specificity of the region with tourist branch playing a key role. As for the structure of the companies, the commonest being microenterprises, registered in the form of natural person businesses.

There are more companies with greater experience and longer presence on the market. However, the group also comprises a significant proportion of companies which are present in the market for less than 5 years, not having as much experience in dealing with crisis situations. What is important for the characteristics of the surveyed companies is the observation that the enterprises located in the Poviat hardly employ people with no education or primary or gymnasium education.

The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail. Because the economic situation is still unstable, it can be inferred from the responses indicating the absence of any changes in employment that they are the consequence of a positive assessment of the company's situation.

The conclusion that can be drawn from the received answers is that business activity is impeded primarily by different structural barriers (strong domestic and foreign competition,

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insufficient demand on the domestic market and uncertainty about the economic situation) and formal barriers (too heavy bureaucracy, no concept for the development of a city/municipality, a poorly developed infrastructure, high tax burdens). Despite the obstacles, which operating businesses face from public institutions, the latter subtly promote this sector, as well. In addition, positive examples of support obtained from public institutions occur infrequently, and for most companies the State (and its different institutions) does not have any interesting offers (or at least they are not generally known to public) to support business enterprising.

However, it should be also noted that entrepreneurs are not very active in seeking additional opportunities related to supporting the development of the company – whether through public aid, or by linking capabilities with others. Generally the company focus is primarily on consolidating its place on the market. Co-operation and partnership with other enterprises or public institutions is rather limited.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is a small share of innovative solutions used in businesses.

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate to much different rules from those of small and medium companies;
2) a series of institutional and procedural barriers need removing in the process of setting up and running a business both at national and local levels;
3) due to the specificity of business activities in the Poviat – the importance of tourist industry and ventures in transport and communications, a special attention should be paid to enterprises operating in these areas. Making detailed consultations with representatives of companies will allow to develop specific solutions to support existing development potential of the mentioned branches;
4) special attention should be drawn to creating opportunities to improve professional skills by both corporate employees as well as by their owners, which requires action, whose goal is to change attitudes especially of the latter group. Companies are struggling with similar problems, but their solutions largely depend on intuitive decisions of individuals – hence the situation of businesses operating in the same sectors is so varied;
5) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
6) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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5. The Poviat of Sławieński

Introduction

Territorial Division

The Poviat of Sławieński is situated in the north east of the Zachodniopomorskie voivodship on the border of two voivodships: Zachodniopomorskie and Pomorskie. It also borders with the neighbouring Poviat of Koszaliński and the Baltic Sea. In 2008 it covers the area of 1043 sq. km, which accounts for 4.6% of the area of the whole voivodship, and has the population of 57.4 thousand which is 3.4% of the whole voivodship population. With these figures the Poviat of Sławieński ranks on the 11-th and 10-th place respectively in the whole voivodship.

The Poviat consists of six communes: an urban Darłowo and Sławno communes and four rural ones: Darłowo, Malechowo, Postomino and Sławno. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 96.5% and put this Poviat on the 7-th place in the voivodship. Respectively the urban area ratio was on the level of 3.5% which meant the 11-th place in the voivodship.

In the whole Poviat there are 161 towns and villages with the proportion of 159 villages and only two towns: Darłowo, and Sławno which is the capital of the Poviat of Sławieński. Through the Poviat runs an important international route Berlin-Kaliningrad and the railway connecting Szczecin with Gdańsk[27].

Fig. 1. Administrative borders of the Poviat of Sławieński
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect

[27] *The Development Strategy for the Poviat of Sławieński made by Poviat's Administration in Sławno (Starostwo Powiatowe w Sławnie)*. Appendix to the Directive No. XXX/252/2002 of the Sławno Poviat Council of 27 June 2002 r. Sławno, 2002.

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to all entrepreneurs taking part in the research. In the analysed population, the gender regression is somewhat asymmetrical: 59.2% of women and 40.8% of men. The regression of the next age variable of the respondents is uneven – on the one hand it indicates the dominance of people relatively young people, because the most representative group here was that of 26 to 35 years of age (31.58%), on the other hand the second biggest group are people aged 46-55 (26.32%). With regard to education of the respondents, the identical share in the sample are persons with higher and secondary education – 40.8% each, there are much fewer people with vocational education – 14.5%, and the least – with primary – 3.9%. The last variable is the job or post they hold. Thus there were 69.7% of firm owners, 6.6% – chief accountants, 3.9% – HR workers and 19.7% of people responsible for talks in the company.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 the Poviat of Sławieński population slightly decreased by 0.7%. According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

The Poviat of Sławieński belongs to sparsely populated areas, the average population density rate in 2008 was 55 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level.

In 2008 the Poviat of Sławieński all city population was 27.2 thousand people, which in turn determined the urban demographic rate on the level of 47.5%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, the Poviat of Sławieński seems to be a region of low urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rate the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in the Poviat of Sławieński in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	57796	57570	57390
Urban demographic rate	48,1	47,9	47,5
Rural demographic rate	51,9	52,1	52,5
Population density per 1 km^2	55	55	55

Source: *Own analysis based on the data from the Central Statistical Office.*

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An especially important criterion describing a group is the population structure according to its biological age groups (0-14, 15-64, and 65-plus). This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 1.3 thousand, and its general ratio to the total population of the region fell from 19.2% to 17.0%. In the next age group, i.e. age 15-64, there was an increase from 40.2 thousand to 41.0 thousand in the respective years. However, the ratio of this group to the total population increased from 69.6% to 71.5%. The last age group population, i.e. age 65-plus increased by 1.3% and its ratio to the total population went up from 11.3% to 11.5%. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Poviat of Sławieński the percentage of people in the pre-productive age group was 21.7% (in the voivodship – 19.1%), in the productive age group – 64.3% (65.9% in the voivodship) and in the post-productive age group – 14.0% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 1.4%) and post-productive age group (by 0.9%), and a simultaneous decrease in the pre-productive age group (by 2.3%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in the Sławieński 648 new children were born, which accounted for a 10.6% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 11.2 live births (10.8 in the voivodship) and only 10.1 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in a given area. In the years 2004-2008 in the Poviat in question there was an decrease of the death rate by 5.0%. For each 1000 inhabitants in 2008 there were 8.9 deaths (9.7 in the voivodship), and only 9.3 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in The Poviat of Sławieński in all the years in question amounted to over 50%.

The population growth, based on the number of live births and the number of deaths in The Poviat of Sławieński in 2008 was positive (135 people) and compared to that from 2004 had increased. After conversion for each 1000 people, the growth ratio was on the level of 2.3 (1.1 in the voivodship), whereas in 2004 it had a positive value of 0.8.

Tab. 2. Natural migration of people in the Poviat of Sławieński in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	10,1	11,5	11,2
Total death rate for 1000 people	9,3	9,6	8,9
Natural growth rate for 1000 people	0,8	1,9	2,3

Source: *Own analysis based on the data from the Central Statistical Office.*

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The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the Poviat of Sławieński in 2008 the total migration rate was negative and amounted to -124 people, which was caused by the outflow of people to other Poviats in the voivodship or going abroad. For each 1000 people in the Poviat the migration rate was negative (-2.2 people), and was higher than in the voivodship (- 0.8 people).

The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Sławieński in 2007 there were 7.8 thousand people working in firms employing nine and more worker (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 13.3%. In the analysed period there was a significantly bigger increase in the employment of women (by about 18.2%).

For each 1000 people in 2007 there were 137 people employed in the firms with nine and more workers, which ranked the Poviat on the 15-th place in the voivodship (with the average rate for the Zachodniopomorskie voivodship 193 employed in nine-plus firms for each 1000 people). The analysis of the employment rate shows its growth compared to 2004 (a bit higher than in the voivodship), which can suggest: firstly, the increased willingness on the part of local business to employ new workers, and secondly, a sustainable socio-economic development of the area.

Tab. 3. Workers and salary in the Poviat of Sławieński in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	6912	7623	7833	113,3
men	3351	3543	3624	108,1
women	3561	4080	4209	118,2
Workers together with individual agriculture	9670	10381	10591	109,5
in% of the agricultural sector	31,2	29,5	28,9	92,6
industrial	26,5	29,1	29,7	112,2
supporting	42,3	41,3	41,4	97,8
Average monthly gross salary of PLN	1759,59	1856,78	2124,21	120,7

Source: *Own analysis based on the data from the Central Statistical Office.*

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The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Poviat of Sławieński in 2007 the number of people employed was 10.6 thousand. The employment structure sorted by economic sectors shows that 28.9% of the employed worked in agriculture (11.8% in the voivodship), 29.7% in industry and 41.4% in services. Since 2004 the employment in the industry sector slightly increased, and it did so at the expense of the service sector (a smaller drop) and in agriculture (a bigger drop).

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was PLN 2124.21 and it was more than in 2004 by about 20.7% (in the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by about PLN 492.00). With respect to the pay rate, the Poviat was on the 19-th place.

In The Poviat of Sławieński, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 2921 people unemployed (in which women made 57.8%). Since the beginning of the analysed period the number of unemployed dropped by 64.4% (only 54.8% in the voivodship), and the drop referred mainly to female workers. 50.9% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the decrease – the percentage of unemployed people living in villages was lower than in 2004.

The registered unemployment rate in the Poviat in 2008 was 15.7% (with the average for the voivodship 13.4%) and it gave the Poviat the 9-th place in the Zachodniopomorskie voivodship. By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a decrease of the unemployed not entitled to state welfare money (by 6.1%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still big – in 2008 it was 73.7% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 7.3%), and in other age groups: 25-34 and 45-54. A decrease was in the age groups: 35-44 and below 25. There were also more unemployed people with a general secondary and university education, post-secondary and secondary vocational education and fewer unemployed with a vocational education, gymnasium education and primary education.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and the job postings made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in The Poviat of Sławieński were only found in such big professional groups as: vocational teachers and instructors, money market and customer service, teachers, natural sciences and environment specialists and office support staff. There was a balance in the case of the following groups: executives of small and medium-sized factories, mining, industry and construction auxiliary workers and machinery operators and assemblers. The highest surplus went to such groups as: farmers and fishermen working for their own needs and farmers, gardeners, foresters and market oriented fishermen. In comparison to 2004 the average surplus intensity rate hardly increased, which means only a small improvement for the unemployed on the job market.

Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In the Poviat of Sławieński in 2008 in the REGON register there were 6.1 thousand firms and businesses which accounted for only 2.8% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 9.3% (by 5.5% in the voivodship). From among all businesses operating in the area in 2008 over 95% came from the private sector.

Considering the competitiveness of the Poviat of Sławieński with regard to the business saturation, it only ranks on the 10-th place in the voivodship. On average, the Poviat has 105.8 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Sławieński is a weakly developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Poviat of Sławieński in 2004, 2006 and 2008

SPECIFICATION		2004	2006	2008
All economic subjects		5555	5871	6072
for 1000 people		96,1	102,0	105,8
by economic sectors in %	agriculture	6,9	6,6	6,4
	industry	14,8	16,4	19,2
	services	78,3	77,0	74,4

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 96% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 3.1%, and average businesses only 0.4%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro, small and average businesses in the Poviat increased.

Analysing the national economy subjects registered in the REGON register according to the legal status, it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat of Sławieński was represented by natural persons running their own businesses (81.0%), with the next place going to trade companies with 3.4%, associations and social organisations with 2.5%, co-operatives with 0.5%, and foundations with 0.1%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 36.2 trading companies for 10000 people in the Poviat, giving it the 15-th place in the voivodship. Compared to 2004, the number increased by 9.5%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing

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conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 79 such companies in the region, which, when set against 10000 people, gave 13.8 units. Companies with foreign capital accounted for 38.0% of all trading companies in the Poviat, and their number compared to 2004 increased by 3.9%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Poviat of Sławieński the firms from the service sector were the most numerous with the number of 4.5 thousand they accounted for 74.4% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 66.6% of all businesses in the Poviat, and non-market services by 7.8% of firms. The percentage of firms from the industrial sector was nearly 20.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails, on average, more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.4 thousand, which was only 6.4% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that over 65% of the firms in the region in 2008 came from four sectors: trading and repairing, hotels and restaurants, services for housing and firms, and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[28]

In 2008 in the Poviat of Sławieński REGON register 603 new firms were registered, which gave 10.5 new units for 1000 people (11.1 in the voivodship). It should be noted here that the scale of this phenomenon, compared to 2004, has almost doubled. Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: building 23.2%, trade and repairing sector 19.1%, hotels and restaurants 18.7%, services for housing and firms 10.8%.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Sławieński in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	386	515	603
for 1000 people	6,7	8,9	10,5
All checked out firms	237	433	462
for 1000 people	4,1	7,5	8,1

Source: *Own analysis based on the data from the Central Statistical Office.*

[28] *The Report on the condition of small and average firms in Poland in 2006-2007*. Prepared by Polish Business Development Agency, Warsaw 2007.

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In 2008 in the Poviat of Sławieński 462 firms were crossed out from the register. For 1000 people it gave 8.1 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, hotels and restaurants, and buildings. However, it should be stressed that more firms were registered than checked out.

Using the shift-share analysis, the level of competitiveness of the Poviat of Sławieński can be assessed. The level is referenced to the Zachodniopomorskie voivodship with respect to the number of national economy subjects according to the PKD classification code. Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). The level of competitiveness of the area (KO) illustrating the differences between the growth rate in the Poviat in comparison to the voivodship is high, and a positive value indicates a high competitiveness of the Poviat. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the Poviat of Sławieński in 2007 it was worth PLN 414.4 million and it was 1.8% of the total production sold in the voivodship. Compared to 2004 there was an increase in the production sold in the Poviat by PLN 114.4 million, and thereby the Poviat's contribution to the production sold in the voivodship also increased.

The industrial production sold for one person in the Poviat was in 2007 PLN 7206.00 (with the average for the voivodship PLN 13447.00). That gave the Poviat the 11-th place in the Zachodniopomorskie voivodship. The leading areas in industrial activity were the following Poviats: Goleniowski, Policki and Szczecinecki.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 persons in the Poviat of Sławieński in 2007 amounted to PLN 57.1 million and were higher than those incurred in 2004 by about 18.7%.

The highest expenditures were incurred in the industrial sector and in services (on the similar level), then in agricultural sector. Since 2004 the expenditure incurred in the agriculture and industrial sector decreased, while in services – increased. The volume of investments per capita equals to PLN 997, and was much lower than the average in the province and put Sławieński on the 16-th place among other Poviats of the Zachodniopomorskie voivodship.

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Tab. 6. Investment and gross fixed assets in the Poviat of Sławieński in 2004, 2006, 2008

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	48,1	47,7	57,1	118,7
in % agricultural sector:	15,8	7,0	14,7	93,0
industrial	69,4	28,7	42,7	61,5
market services	14,6	59,1	42,6	291,8
non-market services	0,2	5,2	0,0	0,0
per capita in PLN	830	827	997	120,1
The gross value of the asset in million PLN	413,5	492,0	561,6	135,8
in % agricultural sector:	12,2	9,2	8,9	73,0
industrial	32,6	27,2	35,8	109,8
market services	52,4	59,2	51,1	97,5
non-market services	2,8	4,4	4,2	150,0
Per capita in PLN	7154	8546	9800	137,0

Source: *Own analysis based on the data from the Central Statistical Office.*

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the district was PLN 561.6 million and was higher than in 2004 by 35.8%. The highest gross fixed assets were recorded in services (primarily in the market services), then in the industrial sector and agricultural sector. Compared with 2004, the capital expenditure in services and in the industrial sector increased, and on agriculture decreased. According to the gross worth of fixed assets per capita in 2007, Sławieński Poviat was on the 12-th place in the voivodship.

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities).

In 2008, the Poviat of Sławieński received for the execution of its tasks, 42.0 million PLN (about 37.1% more than at the beginning of the investigation period). It was PLN 731.91 per capita, which was the 16-th place among the Poviats of earthly. The expenditures amounted to PLN 42.1 million of which investment expenditure property constituted only 9.7% (16.7% in the voivodship). The growth of expenditure in the Poviat (compared with 2004) was higher than the revenues. Spending per capita placed the Poviat on the 17-th place among the Poviats of earthly.

The budgets of districts of the Poviat of Sławieński in 2008 drew the joint income equalling to PLN 172.7 million and the amount of income per capita placed the Poviat on the 3-rd place in the province. Municipalities spent PLN 168.7 million, in which property investments accounted for an average of 19.6% of the total expenditure budgets of these communes. Compared with 2004, the expenditure of municipalities increased a bit faster than their revenue.

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Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within the Poviat of Sławieński in 2004, 2006 and 2008 in PLN

SPECIFICATIONS	2004	2006	2008	2004=100
Poviat budget revenue	30609646,00	33381531,37	41960143,85	137,1
per capita	528,84	579,11	731,91	138,4
Poviat budget expenditure	32371695,00	35746152,30	42107000,79	130,1
per capita	559,28	620,13	734,47	131,3
Revenue of municipalities' budgets	104672458,00	150736838,15	172678439,91	165,0
per capita	1808,41	2615,01	3012,01	166,6
Expenditure of municipalities' budgets	103643824,00	150225766,55	168665119,68	162,7
per capita	1790,64	2606,14	2942,00	164,3

Source: *Own analysis based on the data from the Central Statistical Office.*

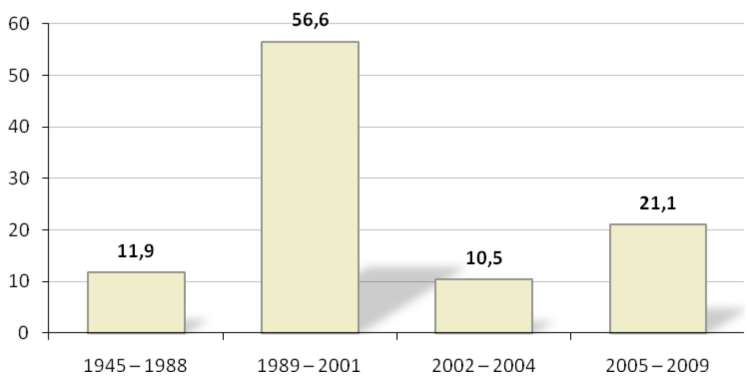
Own research results

A. The State and structure of the economic activity of the companies surveyed

Entrepreneurs and their companies – characteristics of the business

The number of registered traders in the Poviat of Sławieński have been systematically increasing, especially after 1989 (fig. 2). Particularly intensive in this respect were years 1989-2001, when the number of new enterprises went up by 56.6%. In the years 2002-2004 there is a notable decrease in the number of newly registered companies, at the time only 10.5% of new companies appeared, which is the result of the then economic stagnation of the country, the deterioration of the situation on the labour market, and economic destabilization of private initiatives.

Fig. 2. The year of founding a company



Source: *Own research.*

During the period 2005-2009, the number of newly registered companies again has a growing trend – in the Poviat of Sławieński there registered 21.1% of the surveyed companies. However, the presented data are the companies which still operate on the market, and do not show the absolute increment of the number of companies in the Poviat – obviously at the same

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time a certain number of companies closed down. In principle it should be noted that the companies presently operating in the Poviat are mainly those which have already had some experience and which started when free market economy was being introduced to Poland. The companies with short presence on the market, and which emerged mainly during the global prosperity are in the minority.

With regard to the companies in the Poviat, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 80.3% of all companies investigated, then come small companies – 11.8% and the average – 7.9%. Large companies were not represented. Next, regarding the type of activities, single enterprises prevail – 78.9% and the remaining 21.1% goes to co-partnership companies (of which 9.2% constituted limited liability companies, 6.6% civil associations, 2.6% explicit companies and 2.6% of public companies). Undertaking a business activity by individuals not having a legal personality enables relatively quick adapting to local and regional market conditions, and it requires relatively low start-up recourses and allows the owner to achieve the whole profit, while taking the total liability for the functioning of the enterprise.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies from services-manufacturing and agricultural markets. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of Sławieński are as follows:

- hotels and restaurants sector – 22.4%
- commercial sector – 17.1%
- transport, storing, communication sector – 14.5%
- service sector – 13.2%
- industrial processing sector – 6.6%
- construction sector – 5.3%
- real estate sector, renting and business services – 5.3%
- agriculture, hunting and forestry sectors – 5.3%
- companies in financial intermediation – 3.9%
- fishing companies – 3.9%
- health services and social assistance – 1.3%
- companies producing and/or supplying media (gas, water, electricity) –1.3%

The location of the Poviat, its regional conditions and the level of tourism in the Poviat of Sławieński have underpinned the dominating role of undertakings from tourist industry – hotels and restaurants.

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows that: 23.7% of companies hire people with higher education, 36% with secondary

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education, and 26.8% with vocational education. In addition, 2.9% of enterprises employ persons with gymnasium education; 4.3% of them those with primary education, and 3.6% without any education. This means that 10.8% of companies use workers without acquired qualifications, which is possibly associated with the need for support unskilled workers in a firm. This explains the demand for unskilled labour.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Sławieński in 2008 in the case of 6.6% of companies the employment declined, then increased in 17.1% but in 76.3% of the surveyed companies there was no personnel traffic.

The main causes of the reduction in the number of workers were:

- the issues of external problem with
  - disposal of products and services – 12.5%,
  - economic crisis – 25%
- internal issues:
  - unprofitability of the production and sales – 50%
  - too low remuneration – 12.5%

In turn, the increase of employment in the company was due to the extension of the scope of their activities – 50%, or the increasing demand for the products or services – 53.8%, or superior standards of production – 6.3%. These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment. It is worth stressing that large personnel fluctuation is not a favourable factor to business efficiency and indeed has negative consequences for companies.

The declarative dynamism in employment within the next three months, and the nearest year is relatively satisfactory, the same percentage of respondents (in both periods of the time) declare the reduction of employment only by 1.3%, and the increase of employment in respective periods was declared at the level of 11.8% and 15.8%. A noticeable difference is visible in the declarations for keeping employment stable – in respect of 3 months, which is a relatively short time, 80.3% of respondents declared unchanged employment, whereas in the course of 12 months these declarations do not reach so high – only 65.8% of respondents think that employment will not change. This difference in responses can be caused by unstable economic situation on the market and the inability to anticipate trends regarding the functioning of enterprises (clearly, reducing the number of employees is relatively the easiest way to find savings). This might also be proved by the growing percentage of those not being able at all to specify any changes in employment in the context of 3 months – 6.6% of the respondents were not able to predict the dynamics of employment, but in the context of 12 months the figure was already 17.1% (fig. 3).

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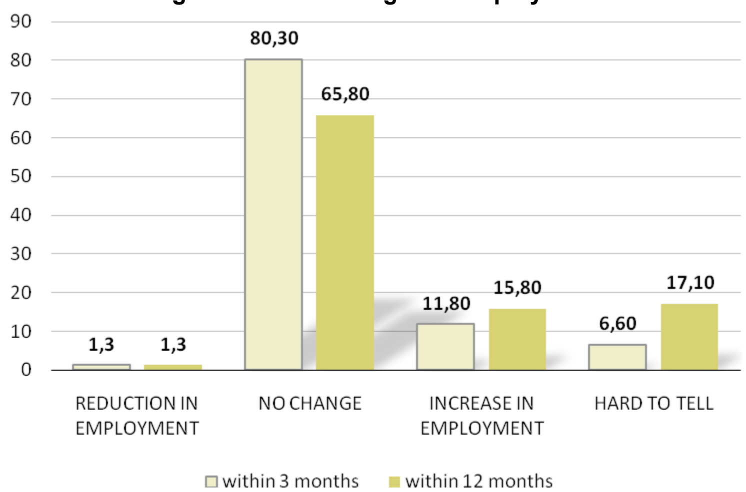
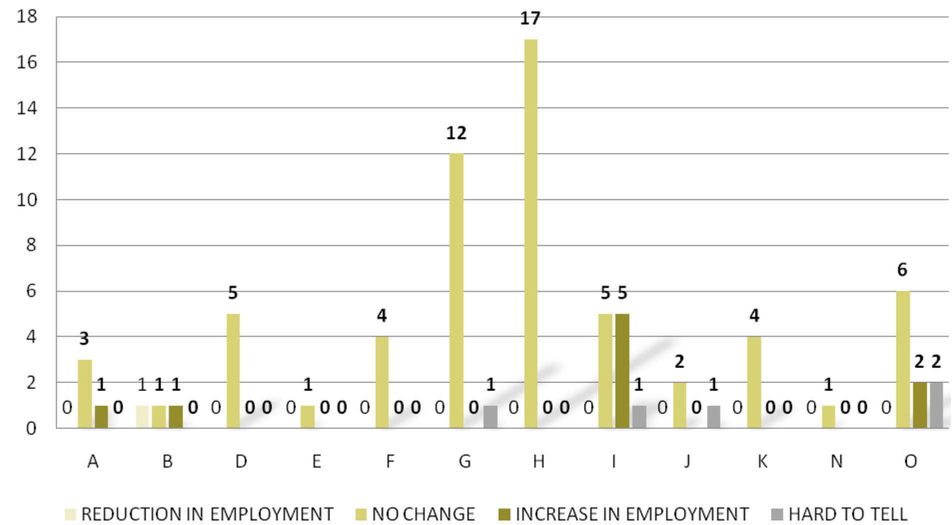
Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates (fig. 4). The reduction in employment is expected only in one firm in section B – fishing. A waiting attitude is dominant among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers. However, it should be noted that there are more companies which expected a future increase in employment than those expressing an opposite view. The biggest group expecting the growth in employment came from section I – transport, storing, communication and O – services, social and personal services. Some revival, which is supposed to boost employment, is expected to come from the business representatives of different sections in the region: section A – agriculture, hunting and forestry and B – fishing.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

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The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the Poviat of Sławieński the need for specific professions is what follows: machinery operators and assemblers – 45.5%, office support staff – 18.2% and the next categories with the same figure on the level of 9.1%: services staff and salespersons, industrial labourers and craftsmen, farmers, gardeners, foresters and fishermen

The regression of indications for particular types of education required from potential workers it what follows: higher education, in the field of the company's profile – 3.3%, technical secondary education in accordance with the job's profile – 6.7%, primary vocational education compatible with the company's profile – 16.7% and the biggest category of workers with previous experience in the profession – 20%.

As for the additional professional skills in potential employees, they were expected to have: driving license cat. B, C, E – 20%; in 10%: the required workers should have special courses preparing for the job, a formally confirmed knowledge of a foreign language; the knowledge of CAD programmes and the permission for operating special machinery (each category was mentioned by 10% of respondents). The mentioned above formally confirmed qualifications and skills are not disjoint qualities.

The search for new staff takes place primarily on external labour market. The companies looking for employees in the Poviat declare passive strategies of seeking, in 25.7% of cases it was the employees themselves who came to the firm in search of a job, or in 14.9% of cases they were recommended by others. The dominance of the following recruitment methods suggests that the local labour market is so far in disorder that companies applying passive strategies know, firstly, that they are effective (and do not require effort on the part of companies) and secondly they depict the employers' market and also if there is any surplus of employees, where companies, as indicated by a high level of unemployment, can find themselves in a privileged position. Using traditional methods of mediation by companies in the Poviat of Sławieński is as follows: 11.9% of employers looks for workers via Works Centres, 8% of the entrepreneurs uses advertisements in newspapers or the Internet, and only 1% uses professional job agencies.

The company's development potential – the company's remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this is the so called sensitive variable, which is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. With regard to the Poviat of Sławieński 38.2% of respondents refused to answer. However, the obtained responses suggest that the salaries during the past and current years were given some level of dynamism. In 2008 the salaries increased in 21.1% cases, in 2009 the number has been 10.5% of the surveyed. A strongly positive fact is the declaration to leave salary levels unchanged: in 2008 35.5% of the respondents froze the salary, but with regard to 2009 such intention was declared by as many as 50% of the respondents (tab. 8).

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Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	21,1	10,5
Were reduced	5,3	1,3
Unchanged	35,5	50,0
Refusal to answer	38,2	38,2

Source: *Own research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human resources management. It is of course a cost-generating item, but in the long term enhances business. In the Poviat of Sławieński an alarming signal is that up to 78.9% of the surveyed companies do not use this type of solutions. The remaining – 21.1%, declare using training but taking into account only essential training: management, finance, marketing, accounting, machinery and vehicle operators, sales and customer services, special branch trainings, and compulsory trainings such as: workplace safety (bhp), or haccp. They are to some extent investments in the company, rather than investment in human capital – developing employees. The situation in which companies do not invest in human resources, or not strengthen intellectual capital, always results in the lowering of development needs. However, this situation may be a consequence of the current economic crisis and the drastic looking for savings by enterprises.

Today, in the time of rapid growth of the importance of technology in the functioning of societies, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. The technologies being used in the enterprises determine the potential of the companies in the Poviat of Sławieński as follows: Over 31.6% of companies use modern technological lines in 2008/2009, 21.1% – purchased within the last five years and 17.1% of companies use technological lines purchased before 2004.

In terms of modern technology procurement, the data are as follows:

- machines and modern devices – purchased in 2008/2009 – 34.7% of companies,
- machinery and equipment used from 3 to 6 years – 33.3% of companies,
- machinery and equipment used from 7 to 10 years – 14.7% of companies,
- machinery and equipment used for over ten years – 8% of companies.

From the presented data emerges a picture of companies that keep pace with the challenges of the market, by adjusting their solutions to modern requirements. However, the fact that 30.3% of respondents were not able to describe the technologies being used in their companies, and 9.3% of them could not specify the technological state of the machinery used in their company, raises the concern that they did not want to admit to using in their companies outdated and old solutions, which are generally disapproved of. This category cannot be firmly associated with the companies using the machinery and equipment older than 10 year. However, it can be assumed that a significant proportion of them are just such company.

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B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Sławieński the choice of location for their activity was determined by:

- the residence of the owner – 51.9%,
- the opinion that the Poviat of Sławieński is a good location – 25.6%
- the availability of cheap labour – 9.3%,
- the availability of markets – 8.5%,
- the matter of chance – 2.3%,
- the availability of supply – 1.6%
- the business profile – 0.8%.

The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market.

The presented data show that companies in the Poviat of Sławieński knowingly or unknowingly apply a strategy for building a quality advantage, that is, they seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality (fig. 5).

Some issue emerging from the answers of the surveyed was the inability to define the notion of competitive edge of a company (10%), even if this inability was displayed by employees, it is worrying that they do not have the knowledge of key topics for the company and its further development – as indeed gaining a competitive edge in some field allows the company to strengthen its position.

Most of the surveyed companies estimate their level of competitiveness as that of a local competitiveness – 59.3%. In the opinion of the respondents there are 14% of companies with competitiveness on the voivodship level, and the same respondents feel competitive in relation to the entire country. The dimensions of European competitiveness – as felt by the researched – are very meagre – only 3.5% of respondents believe that they are competitive markets in the European Union. The remaining 5.8% of respondents could not answer this question, or believed that they are not competitive – 3.5%.

Thus, the main competitors of the companies in the Poviat of Sławieński are other local companies – 88.2%, and companies from Western Europe are seen as a potential competitor by 7.9% of the respondents, and non-European companies by 1.3%. The remaining 2.6% of respondents couldn't answer this question.

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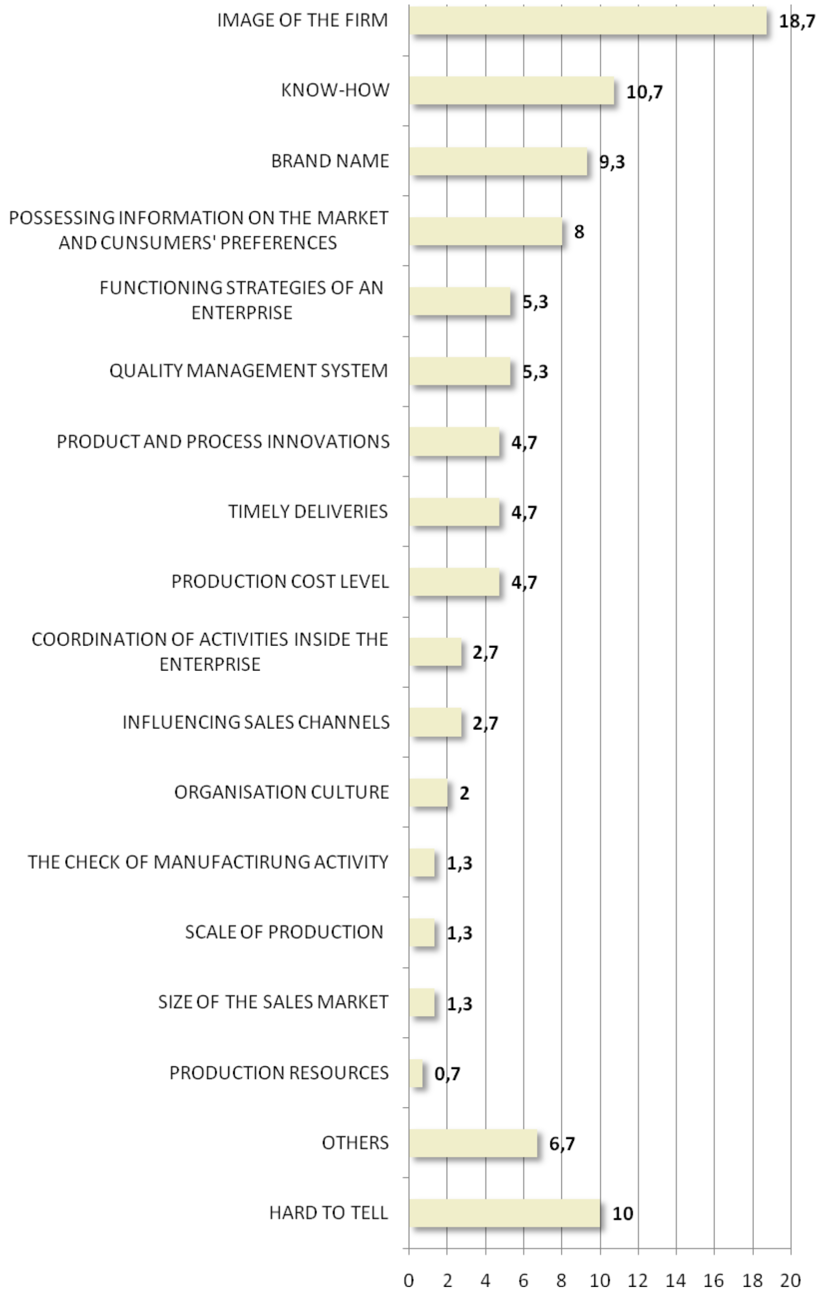
Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses. Among the surveyed companies 11.3% declared that they do not

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encounter any problems in their business activities; however, the remaining 88.7% of the respondents had some difficult or critical moments .

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- strong domestic and foreign competition – 17.2%,
- high load on the budget – 16.6%,
- heavy bureaucracy – 10.6%,
- inadequate domestic demand – 9.3%,
- uncertainty overall economic situation – 5.3%,
- no concept of development for cities/municipalities – 4.6%,
- insufficient foreign market demand – 4.0%,
- a poorly developed infrastructure – 3.3%,
- the development of 'grey market' – 2.6%,
- large distance from the outlets and supply – 2.6%,
- unclear and inconsistent legislation – 2.6%,
- unstable weather conditions – 1,3%,
- unstable euro rate – 0,7%,
- adverse UE regulations – 0,7%.

The biggest difficulty for the surveyed businesses is learning to function in a free market economy, where experiencing strong competition mechanisms is a norm, and the inherent pressure and constant risks are unavoidable. Interestingly enough the surveyed expressed the opinion that they experience a lot of difficulties in their business caused by public institutions – in particularly such as: heavy bureaucracy and high taxation. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, frequent problems, generated by the State and its institutions.

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications):

- difficulties in accessing funds necessary to operate – 5.3%,
- the lack of professional staff – 1.3%,
- seasonal activities – 0.7%

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. In the Poviat the main practice in these situations are: reducing investment expenditure – 23.9%, reorganisation of the establishment – 12.0%, the decrease in the level of employment – 7.6%, sending employees to payless vacations – 3.3%, the reduction in wages – 2.2%. And also: cessation of investment – 2.2%, taking a credit to continue business – 1.1%, and lowering prices – 1.1%. This means that to a great extent, the reaction to crises is restricting an aspect of activity, which is a passive strategy.

Not taking any concrete action in a crisis is a much more unfavourable phenomenon – and such passivity is owned up to by as many as 38% of the surveyed. In addition 7.6% of the surveyed cannot completely define the way of tackling difficult situations, namely 45% of the surveyed knowingly or unknowingly apply a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

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Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 44.7% of the surveyed conclude that the situation of the company during the last 6 months has not changed, and 26.3% say that it has clearly improved. However, the opposite opinion was voiced by 25.6% of the surveyed which is a relatively large group.It is clear that the assessment of the socio-economic conditions depends on one's own subjective business experience.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for the item and service – 53.6%
- increase in fuel prices and energy – 17.9%
- increase in prices of materials and raw materials – 14.3%
- the change of credit conditions – 3.6%
- the change of the euro/zloty rate – 3.6%
- the change of the Swiss franc/zloty rate – 3.6%
- adverse UE regulations – 3.4%

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 65.4%,
- seasonal activities – 7.7%
- the euro/zloty rate – 3.8%,
- the Swiss franc/zloty rate – 3.8%
- co-operation with more contractors – 3.8%
- enhancement of the quality of the services provided – 3.8%
- good luck – 3.8%
- the change of owner – 3.8%
- increasing the number of beds for tourists – 3.8%,

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

It is generally known that the companies function in a particular external environment – a socio-economic surrounding, whose quality affects the functioning of companies. In this regard by the most of the surveyed – 60.5% – the economic situation in the region during the last 6 months has not changed, by 31.6% – deteriorated and only by 7.9% of the surveyed it improved. Respondents forecast how the economic situation in Zachodnipomorskie voivodship will change over the next 6 months. The results allow moderate optimism, 21.1% of the surveyed believe that the economic situation in the Zachodniopomorskie voivodship will improve, 44.7% thought that the situation in the projected period would not change, and negative scenarios for deteriorating were expressed only by 5.3%.

Interesting enough is the attempt to capture the dynamics of the change in the demand values for services/goods offered by the surveyed companies, in comparison to the same period of the previous year. With respect to the Poviat in question, the increase in demand was claimed

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by 23.7%, the decrease by 28.9%, and the biggest group (41.6%) claimed no change in demand. The remaining 6.6% of the respondents did not know how to account for the changes in the context of the past year.

Additionally, the respondents were forecasting the changes in demand for services/products offered by the company in respect to the same period next year. The obtained distribution of variables points to the change of the situation, 19.7% considers that the demand should rise, 40.8% that the volume of demand does not change, but there are considerably fewer persons awaiting the decline of it – 3.9%. A relatively large group of the surveyed (35.5%) cannot estimate the dynamics of demand, perhaps because of their short presence on the market. It is worth noting that a relatively large proportion of the investigated, over 40%, look ahead with optimism, seeing opportunities, rather than threats.

One of the major factors determining the development potential of companies is the level of investment. Obviously, in order to strengthen its position in the market, be ahead of competition, a company must take pro-development actions, and one of these types of action are investments. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and in relation to local or regional development. The benefits of adequately realised investments are obvious and usually mean strengthening the position of the company in the market. No investment always results in stagnation and losing the market.

The primary (but not the only) way to invest is to increase the resources of tangible fixed assets of the company. In this regard companies of the Poviat of Sławeński are on an unsatisfactory level, in 34,8% of the surveyed companies there were no investments at all, but the companies of the Poviat of Sławieński which do invest usually choose the following goods – ranked by the multiplicity of indications:

- equipment (furniture, appliances) – 32.6%,
- vehicles – 19.1%,
- buildings, land – 13.5%.

Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). Most respondents (40%) pointed out that the expenses incurred were in the bracket of PLN 50 000 to PLN 500 000, next groups of respondents declare increasingly lower amounts – 22.2% of the surveyed companies within the last 6 months invested in the development of their company less than PLN 5000. Without doubt, this suggests a small scale of their operations, and its sector specificity – the firms involved in minor services mostly do not require costly equipment. In contrast, a relatively large group of companies – 28.9% invested sums in the regions from 50 000 to 500 000, and only 6.7% of companies invested over 500 000, while 2,2% refused to answer this question.

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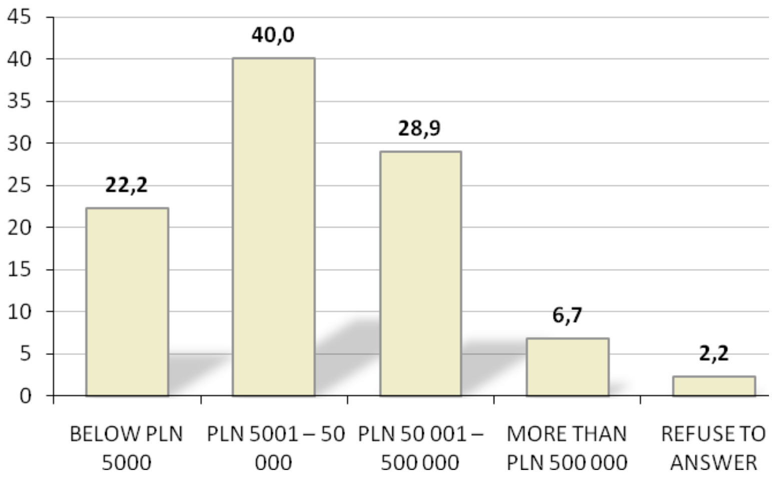
Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

The respondents also forecast possible investments in the course of the next six months. The resulting data are following: 48.7% of respondents declare that the company plans to make expenditure for the purchase, lease (leasing) or refurbishment of the vehicle(s), equipment, real estate (buildings, land), at the same time 30.3% of the surveyed did not intend to take action, a 21.1% cannot answer this question. If entrepreneurs understand the importance of investments, then the lack of them will simply result in incapability of building up on the existing fixed assets of the company.

On the basis of subjective experience respondents also made a forecast for the situation regarding their own company for the next 3 years.

- it will be better than today 43.4%
- the situation of the company will be similar to the present 15.8%
- the company will fail in liquidation 3.9%
- hard to tell 36.8%

Optimists and people believing in maintaining the status quo are in a vast majority. However, the precarious situation of the market is signalled by a significant number of companies (36.8%), which are not in a position to evaluate their own prospects in the years ahead. It is difficult to talk about strategic planning of a company's development, since the firms have no elementary sense of stability.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel.

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Partnerships and networking economic links between enterprises can be included to external growth strategy, and as regards its duration and the dimensions, it can be short or long-term cooperation and may be more or less developed.

In this regard the Poviat of Sławieński compares rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. The overwhelming majority – 81.3% of the surveyed companies do not co-operate with other entities. In respect of the remaining 18.7% of the companies that undertake to cooperate with other firms, they do it with: companies operating in the region – 13.3%, consultancy companies (2.7%), educational institutions (1.3%), NHS (NFZ) (1.3%) and a multinational oil concern (1.3%).

Another important issue is applying by entrepreneurs different forms of cooperation with companies in the region. The vast number of indications – 83.1% suggests not carrying out any forms of cooperation with other operators, others lead some cooperation of the type: joint venture – 5.2%, syndicate – 1.3%, association – 1.3%, holding – 1.3%, and concern – 1.3%. In addition, the companies cooperating on the basis of subcontracting – 1.3%, the exchange of goods and clients – 5.2%.

The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to the low use of support from public institutions. The vast majority – 75% of the respondents declare that they do not use any available forms of support, 15.8% of companies benefited from the increase of employment in the company, 2.6% from funding for setting up a business,1.3% from funds on workplace equipment, 1.3% on training and courses for employees.

As these data relate to the three previous years, their negative values are especially alarming. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. To expand this issue the respondents were asked, what form of support from local authorities would positively affect the activities of enterprises, but 14.0% of the surveyed did not give an answer to this question. While among the respondents who made a choice for the preferred forms of support, the most important are the following: funding tax charges (26.0%), funding the ZUS contribution (23.3%), subsidies to increase employment (20.7%) and grants for training courses for workers (14.0%) (fig. 7)

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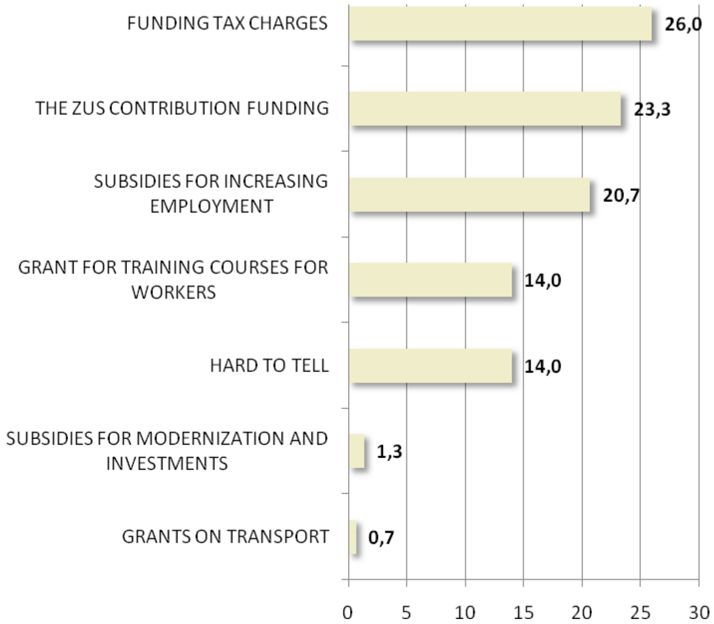
Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

The extent of economic exchange

The economic exchange in the EU takes place on a common internal market, which, firstly, covers the entire EU territory and, secondly, is based on the principle of the four freedoms: the movement of goods, persons, services and capital. You can therefore conclude that analyzed districts participate in this area on the principles of free competition.

Economic exchange conducted by members of the trade in the discussed Poviat is limited spacewise – 89.5% of the surveyed companies did not have any international exchange experience, 5.3% of them had some goods or services export experience, 1.3% of them had goods or services import experience, and 3.9% export-import of goods or services. The few companies which do export their products sent them mainly to: Germany (29.4%), Italy, the United Kingdom, France, and Russia.

The forecasts for export volumes in the context of the next six months are rather optimistic by 57.1% of the surveyed – the export level will increase during this period, while the opposite view is also held by quite a big group of the surveyed – 28.6%. Not overly large a group of respondents (14.3%) cannot predict the trends in export.

Innovation in enterprises

As already mentioned the competitiveness of enterprises is determined by many factors of the external and internal nature. The first group of factors includes such as: State policy and the condition of the available infrastructure, to other group includes the internal factors, e.g.: the type of management, held capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is exceptionally merit-type of a factor for development, since it determines not only the pace and directions for economic development on an individual scale, but on a local, a regional and an international scales as well.

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The innovation rate in business in the area of the Poviat of Sławieński is low, because only 15.8% of companies declare that in the period of 2007-2009 they applied some innovations, the remaining 84.2% did not take any innovative actions. In respect of the companies which applied some form of innovation, the source of their innovation was: (listed due to the declining number of indications):

- purchase technology – 57.1%
- introducing innovation by partner/ co-owner – 21.5%
- copying ideas and solutions from competition – 14.3%
- purchase of licenses – 7.1%

This means that the companies in the region do not have their own resources to develop their own innovations. Therefore, there is no company which would take the role of the leader in introducing the new solutions. On the other hand it is worth noting that the most common way of implementing innovation, and reported by the firms in the Poviat of Sławieński – ethical, although certainly financially stretching – is the purchase of technologies.

The main reason for applying innovation on such a small scale is the inability to finance innovative businesses – 34.7% of answers, additional reasons are: too large risks associated with the implementation of innovation – 18.7%, and the lack of potential interest in new products/services from client – 16%. Unfortunately, up to 30.7% of the surveyed were unable to diagnose the reasons for which innovation was hampered or impossible.

Activating entrepreneurs of the Poviat in question has more chances of success, in the context of co-operation with other entities for taking innovative actions. Noticeably, the pace of growth of innovation and new technologies in an enterprise and a region are determined, among others, by the volume of institutional funding on research, development and innovation.

Unfortunately, in this regard, over half of the surveyed – 55.7% doesn't have any expectations and 11.4% cannot answer this question. And therefore until 67.1% of all respondents of the Poviat of Sławieński has no knowledge of elemental on the role of cooperation with other entities in the field of innovation. Answers other imagined as follows: most indications obtained creation programmes to promote technological development at the level of municipalities – 17.7%; then indicated the need to build a system of information on technological companies showed 5.1%, the need for the construction of the tender units B+R – 3.8%; institutional infrastructure development in the field of brokering and transfer of technology – 3.8%; and to increase the quality and the degree of adjustment tenders units B+R to the needs of companies – 2.5%.

It is additionally noted that among the surveyed companies, there are units which are difficult to recognize as fully equipped to operate in a modern society. In highly developed economies (85.5%) using the Internet is a standard, but it is still not met by 14.5% of the companies of The Poviat of Sławieński – they do not have their own website, nor do they enjoy various types of search engines and Web browsers or e-mail.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

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The emerging picture is somewhat alarming. 75.3% of the surveyed companies in the Poviat of Sławieński have never been using EU structural funds. The remaining have used them mainly for: the development of technical infrastructure – 11.7%, start-up costs – 3.9%, to increase their employment – 1.3%, while 7.8% of the surveyed cannot answer whether, and if so, on what the company has spent the EU structural funds.
Unfortunately, such a low level of the use of funds stems from the lack of interest in this type of support – up until 34.2% of respondents do not want to benefit from EU structural funds, 2.6% of respondents do not use it due to the lack of sufficient, clear information on how to applying for the funds, 1.3% due to the lack of money. Comforting is that a high percentage of surveyed (61.8%) is interested in the use of funds from the EU structural funds. This means that, so far, many companies have not had the opportunity or the possibility to apply for the funds to the extent they would wish to.

The entrepreneurs who did use EU grants defined the barriers limiting their effective gaining the resources (the following factors are organized by declining importance):

- bureaucracy and ambiguity of EU request forms – 32.5%
- limited access to information about programs – 17.9%,
- the lack of interest – 7.9%
- cost of preparing applications – 11.4%
- the necessity of own contribution – 9.8%,
- short term preparation – 2.4%,
- the lack of adequate programmes for transport firms – 1.6%
- uncertainty of receiving the funds and high application expenses – 1.6%
- hard to tell – 4.9%.

As shown above, the previous experience of the entrepreneurs in the Poviat of Sławieński with applying and using EU structural funds is not very positive. A significant proportion of the companies, indeed, have no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of Sławieński in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the district, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

– the slow decline of population caused by the drainage of population from the Poviat;
– changes in the population age structure – permanently decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over

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– the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

– the increment of the rate of the number of working for 1000 people,
– the growth in average monthly gross salaries,
– a systematic decline in the number of unemployed people (9-th place).
– the deficit jobs in 2008 were only found in such big professional groups as: vocational teachers and instructors, money market and customer service, teachers, natural sciences and environment specialists and office support staff. There was a balance in the case of the following groups: executives of small and medium-sized factories, mining, industry and construction auxiliary workers and machinery operators and assemblers. The highest surplus went to such groups as: farmers and fishermen working for their own needs and farmers, gardeners, foresters and market oriented fishermen.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential. However, there were clear indications of the economic upturn, evident from the analysed economic indicators like:

– the growth in the number of economic subjects,
– the increase of the industrial production sold
– the increase of the Poviat's participation in creating administrative value sold,
– the increase of investments in companies,
– higher than in 2004, the gross value of fixed assets,
– the income and expenditure budgets of the Poviat per capita which gave the Poviat of Sławieński the 3-rd and 7-th place among the Poviats of earthly in the voivodship.

Another conclusion from this analysis is that the development of entrepreneurship in the Poviat will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat of Sławieński, allows to indicate some specific features for this group. The surveyed firms are engaged primarily in service sectors, with a dominating role of tourist industry. A small share are companies operating in the area of industrial processing. The commonest are microenterprises, registered in the form of a natural person establishments. A significant proportion of the structure of the surveyed companies have enterprises with previous experience in business, which are present in the market for over 8 years. A large potential of labour, possessed by employers, is constituted by people with primary education. While the employers' demand focuses mainly on persons having professional experience in a particular field or having primary vocational education for a given job. This means that local companies do not generate job demand – or they hardly do – for people with high qualifications.

The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail. However, among the companies that did have some personnel traffic, these increasing employment are in the majority. Moreover, the expectations for the future are optimistic because more companies expect an increase in employment rather than its reduction.

Considering the respondents' answers, it can be concluded that business activity is

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hampered by both market factors (strong competition, limited demand) and administrative factors (high load on the State budget, too heavy bureaucracy) and positive examples of the support obtained from public institutions were rare. From the voices coming from representatives of companies it is clear that for most of them the State (and its different agencies) does not have any interesting forms(or at least it is not known) of supporting business enterprising. Generally the company's focus is primarily on consolidating its place on the market, and the co-operation and partnership with other enterprises or public institutions are rare occurrences.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is a small share of innovative solutions used in businesses.

It should be noted that the situation of companies and their prospects for development should not be seen solely in the context of economic considerations. When planning activities whose purpose is to support the development of the economy, you must also take account of social phenomena. It seems that the key problem areas include: the relationship of employers with their employees, as well as with public institutions, and the business environment. It seems to be advocating some action aiming at changing the mindset, the mentality of many entrepreneurs and executives – also in relation to practical aspects of running a business, management, strategic planning, etc. It is also noted that there should be some breakthrough in antagonisms occurring now between the main actors on an economic stage (e.g. entrepreneur-workers, entrepreneurs-officials, entrepreneurs-banks).

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate to much different rules from those of small and medium companies;
2) a series of institutional and procedural barriers need removing in the process of setting up and running a business both at national and local levels;
3) due to the specificity of a business activity in the Poviat – the importance of the touristic industry and ventures operating in transport and communications, a special attention should be drawn to enterprises operating in these areas – making detailed consultations with representatives of the companies will allow to develop specific solutions to support the existing development potential in the mentioned branches;
4) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
5) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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6. The Poviat of Szczecinecki

Introduction

Territorial Division

The Poviat of Szczecinecki is situated in the east of the Zachodniopomorskie voivodship. It borders with four neighbouring Poviats: Białogardzki, Koszaliński, Drawski, Świdwiński, Wałecki and also Pomorskie and Wielkopolskie voivodship. In 2008 it covers the area of 1766 sq. km, which accounts for 7.7% of the area of the whole voivodship, and has the population of 77.0 thousand which is 4.5% of the whole voivodship population. With these figures the Poviat of Szczecinecki ranks on the 2-nd(together with the Poviat of Drawski) and 6-th place (together with the Poviat of Kołobrzeski) respectively in the whole voivodship.

The Poviat consists of six communes: an urban Szczecinek commune, urban-rural Barwice, Biały Bór and Borne Sulinowo communes, and two rural Grzmiąca and Szczecinek communes. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 95.7% and put this Poviat on the 12-th place in the voivodship. Respectively the urban area ratio was on the level of 4.3% which meant the 6-th place in the voivodship.

In the whole Poviat there are 242 towns and villages with the proportion of 238 villages and four towns: Barwice, Biały Bór, Borne Sulinowo and Szczecinek, which is the capital of the Poviat. Through the Poviat run national roads and railways. [29]

Fig. 1. Administrative borders of the Poviat of Szczecinecki
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the

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[29] *Strategy for Development of the Poviat of Szczecinecki by 2015.*

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values of the features describing respondent to mirror the values of these features with respect to all entrepreneurs taking part in the research. In the analysed population, the gender regression is nearly symmetrical: 52.6% of men and 47.4% of women. The next variable was the age of the respondents – the analysed population indicates the preponderance of people aged 46-55 – 35.8% of the whole population, and the second group of respondents are people aged 36-45 – 25.3%, and the next group: 25-36 – 22.1%. With regard to all respondents, most of them had a secondary education – 51.6%, and tertiary education – 33.7%, a vocational education – 12.6%, and primary education – 2.1%. The last variable is the job or post they hold. Thus there were 52.6% of firm owners, higher management was represented by a few persons and 34.7% of people responsible for talks in the company.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 the Poviat of Szczecinecki population slightly decreased by 0.4%. According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

The Poviat of Szczecinecki belongs to sparsely populated areas, the average population density rate in 2008 was 44 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level.

In 2008 The Poviat of Szczecinecki all city population was 48.8 thousand people, which in turn determined the urban demographic rate on the level of 63.4%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, The Poviat of Szczecinecki seems to be a region of medium urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rate the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in The Poviat of Szczecinecki in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	77345	77276	77004
Urban demographic rate	63,3	63,3	63,4
Rural demographic rate	36,7	36,7	36,6
Population density per 1 km^2	44	44	44

Source: *Own analysis based on the data from the Central Statistical Office.*

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An especially important criterion describing a group is the population structure according to its biological age groups (0-14, 15-64, and 65-plus). This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 1.7 thousand, and its general ratio to the total population of the region fell from 18.5% in 2004 to 16.4% in 2008. In the next age group, i.e. age 15-64, there was an increase from 53.9 thousand to 55.1 thousand in the respective years. However, the ratio of this group to the total population increased from 69.7% to 71.5%. The last age group population, i.e. age 65-plus increased by 1.7% and its ratio to the total population went up from 11.8% to 12.1%. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Poviat of Szczecinecki the percentage of people in the pre-productive age group was 21.1% (in the voivodship – 19.1%), in the productive age group – 64.1% (65.9% in the voivodship) and in the post-productive age group – 14.8% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 1.6%) and post-productive age group (by 1.0%), and a simultaneous decrease in the pre-productive age group (by 2.6%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in The Poviat of Szczecinecki 864 new children were born, which accounted for a 12.4% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 11.1 live births (10.8 in the voivodship) and only 9.8 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in a given area. In the years 2004-2008 in the Poviat in question there was a significant increase of the death rate by 20.4%. For each 1000 inhabitants in 2008 there were 10.7 deaths (9.7 in the voivodship), and only 8.8 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Szczecinecki in all the years in question amounted to over 50%.

The population growth, based on the number of live births and the number of deaths in the Poviat of Szczecinecki in 2008 was positive (37 people) and compared to that from 2004 had decreased. After conversion for each 1000 people, the growth ratio was on the level of 0.5 (1.1 in the voivodship), whereas in 2004 it had value of 1.0.

Tab. 2. Natural migration of people in the Poviat of Szczecinecki in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	9,8	10,5	11,1
Total death rate for 1000 people	8,8	10,1	10,7
Natural growth rate for 1000 people	1,0	0,3	0,5

Source: *Own analysis based on the data from the Central Statistical Office.*

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The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the Poviat of Szczecinecki in 2008 the total migration rate was negative and amounted to -143 people, which was caused by the outflow of people to other Poviats in the voivodship or going abroad. For each 1000 people in the Poviat the migration rate was negative (-1.9 people), and was higher than in the voivodship (- 0.8 people).

The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In the Poviat of Szczecinecki in 2007 there were 13.3 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 6.2%. In the analysed period there was a significantly bigger increase in the employment of men (by about 8.0%).

For each 1000 people in 2007 there were 173 people employed in the firms with nine and more workers, which ranked the Poviat on the 9-th place in the voivodship (with the average rate for the Zachodniopomorskie voivodship 193 employed in nine-plus firms for each 1000 people). The analysis of the employment rate shows its growth compared to 2004, which can suggest: firstly, the increased willingness on the part of local business to employ new workers, and secondly, a sustainable socio-economic development of the area.

Tab. 3. Workers and salary in the Poviat of Szczecinecki in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	12554	12809	13338	106,2
men	6723	7003	7258	108,0
women	5831	5806	6080	104,3
Workers together with individual agriculture	14244	14499	15028	105,5
in% of the agricultural sector	15,5	16,0	15,5	99,7
industrial	34,8	35,3	35,7	102,6
supporting	49,6	48,7	48,8	98,2
Average monthly gross salary of PLN	2166,43	2343,44	2569,09	118,6

Source: *Own analysis based on the data from the Central Statistical Office.*

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The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Poviat of Szczecinecki in 2007 the number of people employed was 15.0 thousand. The employment structure by economic sectors shows that 15.5% of the employed worked in agriculture, 35.7% in industry and 48.8% in services. Since 2004 the employment in the industry sector slightly increased, and it did so at the expense of agriculture (a smaller drop) and in the service sector (a bigger drop).

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was 2569.09 and it was more than in 2004 by about 18.6% (in the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by about PLN 47.00). With respect to the pay rate, the Poviat was on the 5-th place.

In the Poviat of Szczecinecki, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 6483 people unemployed (in which women made only 59.9%). Since the beginning of the analysed period the number of unemployed dropped by 42.5% (only 54.8% in the voivodship), and the drop referred mainly to male workers. 49.0% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the increase – the percentage of unemployed people living in villages was higher than in 2004.

The registered unemployment rate in the Poviat in 2008 was 23.3% (with the average for the voivodship 13.4%) and was one of the highest in the Zachodniopomorskie voivodship. By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a slight decrease of the unemployed not entitled to state welfare money (by 6.7%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still worryingly big – in 2008 it was 76.8% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 4.2%), and a decrease in all other age groups (the biggest in the 35-44 age group and below 25 age group). There were also more unemployed people with a general secondary and university education, gymnasium education and primary education, and fewer unemployed with a vocational education, as well as post-secondary and secondary vocational education.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and the job postings made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in the Poviat of Szczecinecki were only found in such big professional groups as: office support staff and instructors, employees at work in trade and services, money market and customer service, managers of big organisations and teachers. There was a balance in the case of the group: mining, industry and construction auxiliary workers. The highest surplus went to such groups as: auxiliary workers in agriculture, farmers and fishermen working for their own needs, and then farmers, gardeners, foresters and market

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oriented fishermen. In comparison to 2004 the average surplus intensity rate hardly increased, which means only a small improvement for the unemployed on the job market.

Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In the Poviat of Szczecinecki in 2008 in the REGON register there were 8.2 thousand firms and businesses which accounted for only 3.8% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 7.3% (with 5.5% in the voivodship). From among all businesses operating in the area in 2008 over 95% came from the private sector.

Considering the competitiveness of the Poviat of Szczecinecki with regard to the business saturation, it only ranks on the 9-th place in the voivodship. On average, the Poviat has 106.0 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Szczecinecki is a weakly developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Poviat of Szczecinecki in 2004, 2006 and 2008

SPECIFICATION		2004	2006	2008
All economic subjects		7607	8098	8162
for 1000 people		98,4	104,8	106,0
by economic sectors in %	agriculture	3,6	3,4	3,3
	industry	17,2	18,8	19,7
	services	79,1	77,8	76,9

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 96% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 2.9%, and average businesses only 0.7%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro and average businesses in the Poviat increased, and that of small businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat of Szczecinecki was represented by natural persons running their own businesses (78.4%), with the next place going to trade companies with 4.0%, associations and social organisations with 2.3%, co-operatives with 0.6%, and foundations with 0.1%

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 41.9 trading companies for 10000 people in the Poviat giving it the 11-th place in the voivodship. Compared to 2004, the number increased by 14.1%. By the same token, the saturation of a region with companies having partly

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foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 96 such companies in the region, which, when set against 10000 people, gave 12.5 units. Companies with foreign capital accounted for 29.7% of all trading companies in the Poviat, and their number compared to 2004 increased by 5.5%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Poviat of Szczecinecki the firms from the service sector were the most numerous. With the number of 6.3 thousand they accounted for 76.9% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 67.6% of all businesses in the Poviat, and non-market services by 9.3% of firms. The percentage of firms from the industrial sector was 20.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails on average more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.3 thousand, which was only 3.3% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that over 56% of the firms in the region in 2008 came from three sectors: trading and repairing, services for housing and firms, and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[30] In 2008 in the Poviat of Szczecinecki REGON register 587 new firms were registered, which gave 7.6 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: trade and repairing sector 26.9%, building 23.7%, services for housing and firms 13.6%, which is recently a generally observed tendency in the whole country.

Each year new firms are registered into and out of the REGON database. In 2008 in the Poviat of Szczecinecki 477 firms were crossed out from the register. For 1000 people it gave 6.2 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, services for housing and firms, and building. However, it should be noticed that more firms were registered than checked out.

[30] *The Report on the condition of small and average firms in Poland in 2006-2007*. Prepared by Polish Business Development Agency, Warsaw 2007.

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Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Szczecinecki in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	408	552	587
for 1000 people	5,3	7,1	7,6
All checked out firms	200	363	477
for 1000 people	2,6	4,7	6,2

Source: *Own analysis based on the data from the Central Statistical Office.*

Using the shift-share analysis, the level of competitiveness of the Poviat of Szczecinecki can be assessed. The level is referenced to the Zachodniopomorskie voivodship with respect to the number of national economy subjects according to the PKD classification code.

Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). The level of competitiveness of the area (KO) illustrating the differences between the growth rate in the Poviat in comparison to the voivodship is high, and its positive value shows high competitiveness of the Poviat. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the Poviat of Szczecinecki in 2007 it was worth PLN 2525.9 million and it was 11.1% of the total production sold in the voivodship. Compared to 2004 there was an increase in the production sold in the Poviat by PLN 884.3 million, and thereby the Poviat's contribution to the production sold in the voivodship also increased.

The industrial production sold for one person in the Poviat was in 2007 PLN 32703.00 (with the average for the voivodship PLN 13447.00). That gave the Poviat the 3-rd place in the Zachodniopomorskie voivodship, after the Poviats of Goleniowski and Policki. This index being so high suggests great importance of industrial production in the Poviat.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 persons in the Poviat of Szczecinecki in 2007 amounted to PLN 84.9 million and were lower than those incurred in 2004 by about 88.5%.

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Tab. 6. Investment and gross fixed assets in the Poviat of Szczecinecki in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	739,3	677,3	84,9	11,5
in % agricultural sector:	0,7	1,2	5,5	785,7
industrial	94,4	90,3	68,3	72,4
market services	4,8	7,8	23,8	495,8
non-market services	0,1	0,7	2,4	2400,0
per capita in PLN	9554	8770	1100	11,5
The gross value of the asset in million PLN	2782,9	2765,8	3154,6	113,4
in % agricultural sector:	2,3	2,7	3,0	130,4
industrial	82,9	80,5	85,3	102,9
market services	13,9	15,7	10,9	78,4
non-market services	0,9	1,1	0,8	88,9
Per capita in PLN	35981	35791	40844	113,5

Source: *Own analysis based on the data from the Central Statistical Office.*

The highest expenditures were incurred in the industrial sector, then in services (primarily in the market services) and agricultural sector. Since 2004 the expenditure incurred in industrial sector decreased, while in the agriculture and services – increased. The volume of investments per capita equals to PLN 1100, and was much lower than the average in the province and put Szczecinecki on the 13-th place among other Poviats of the Zachodniopomorskie voivodship.

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the district was PLN 3154.6 million and was higher than in 2004 by 13.4%. The highest gross fixed assets were recorded in the industrial sector, then in services (primarily in the market services) and agricultural sector. Compared with 2004, the capital expenditure on agriculture and in the industrial sector increased and in services decreased. According to the gross worth of fixed assets per capita in 2007, Szczecinecki Poviat was on the 3-rd place in the voivodship.

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities). In 2008, Szczecinecki received for the execution of its tasks, 68.5 million PLN (about 31.9% more than at the beginning of the investigation period). It was PLN 887.56 per capita – which was the 7-th place among the Poviats of earthly. Expenditures amounted to PLN 70.0 million of which investment expenditure property constituted 17.4%. The growth of expenditure in the Poviat (compared with 2004) was higher than revenues. Spending per capita placed the Poviat on the 6-th place among the Poviats of earthly.

The budgets of districts of the Poviat of Szczecinecki in 2008 drew the joint income equalling to PLN 214.8 million and the amount of income per capita placed the Poviat on the 8-th place in the province. Municipalities spent PLN 228.5 million, in which property investments

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accounted for an average of 21.1% of the total expenditure budgets of these communes. Compared with 2004, the expenditure of municipalities increased a bit faster than their revenue.

Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within the Poviat of Szczecinecki in 2004, 2006 and 2008 in PLN

SPECIFICATION	2004	2006	2008	2004=100
Poviat budget revenue	51919383,00	57909513,14	68459485,04	131,9
per capita	670,96	749,81	887,56	132,3
Poviat budget expenditure	52032787,00	62181564,69	69989644,55	134,5
per capita	672,42	805,13	907,40	134,9
Revenue of municipalities' budgets	131053682,00	170258367,44	214754317,49	163,9
per capita	1693,62	2204,51	2784,24	164,4
Expenditure of municipalities' budgets	138256948,00	184195815,27	228472361,09	165,3
per capita	1786,70	2384,97	2962,10	165,8

Source: *Own analysis based on the data from the Central Statistical Office.*

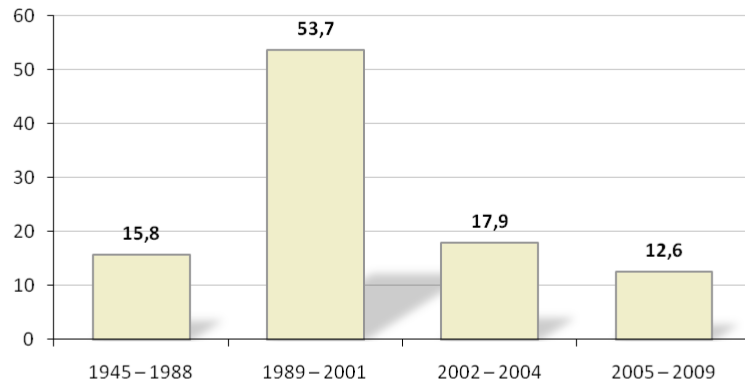
Own research results

A. The State and structure of the economic activity of the companies surveyed

Entrepreneurs and their companies – characteristics of the business

Watching the state of economic activity of the companies in Szczecinecki, one can clearly observe the years of bigger and smaller dynamism in it. The number of registered traders were especially big in years 1989-2001, when 53.7% of new enterprises entered the market (fig. 2). In subsequent years, the number rapidly fell, reaching 17.9% and 12.6% in the periods of 2002-2004 and 2005-2009 respectively.

Fig. 2. The year of founding a company



Source: *Own research.*

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A significant proportion among these companies constitute those established before 1989. Presented data are companies which still operate on the market, and do not show absolute increment in the number of companies – evidently at the same time a number of companies closed down. In principle it should be noted that companies existing in the Poviat are mainly those which have already had some business experience and they have been operating for more than 8 years.

With regard to the companies in the Poviat, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 71.6% of all companies investigated, then come small companies – 15.8% and the average – 11.6%. Large companies (over 250 employees) were represented by 1.1%.

Next, regarding the type of activities, single enterprises prevail – 64.2% and the remaining 35.8% goes to co-partnership companies (of which 17.9% limited liability partnership, 9.5% civil associations, 2.1% particular partnerships, 4.2% public companies, 1.1% of partnerships and, single-owner privatised state companies – 1.1%).

So significant predominance of single firms may indicate a changing trend on the local labour market – from employment, towards self-employment. Undertaking a business activity by individuals not having a legal personality enables relatively quick adapting to local and regional market conditions, and it requires relatively low start-up recourses and allows the owner to achieve the whole profit, while taking the total liability for the functioning of the enterprise.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies from services-manufacturing and agricultural markets. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of Szczecinecki are as follows:

- commercial sector – 40.4%
- industrial processing sector – 19.1%
- service sector – 7.4%
- construction sector – 6.4%
- agriculture, hunting and forestry sectors – 6.4%
- real estate sector, renting and business services – 6.4%
- transport, storing, communication sector – 4.3%
- hotels and restaurants sector – 3.2%
- companies in financial intermediation – 2.1%
- protection of health and social welfare sector – 2.1%
- education sector – 1.1%
- fishing companies – 1.1%

In the given structure the presence of entities engaged in commercial activity clearly stands out. Such a large proportion of companies from this sector should be thought of as an adverse imbalance hampering the proper operation of the economic system. Trade as such is an activity that does not require significant resources and special skills. In addition, it is very susceptible to changes in the local market whose each imbalance poses threats to companies.

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The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows that: 24.7% of companies hire people with higher education, 34.4% with secondary education, and 23.1% with vocational education. In addition, 4.3% of enterprises employ persons with gymnasium education; 6.5% of them those with primary education, and 4.8% without any education. This means that 15.6% of companies use workers without acquired qualifications, which is possibly associated with the need for support unskilled workers in a firm. This explains the demand for unskilled labour.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Szczecinecki in 2008 in the case of 14.7% of companies the employment declined, then increased in 5.3% but in 80.0% of the surveyed companies there was no personnel traffic.

The main causes of the reduction in the number of workers were:

- the issues of external problem with
    - disposal of products and services – 41.2%,
    - economic crisis – 17.6%
    - unprofitability of the production and sales – 11.8%
- internal issues:
    - dismissing employees on their own request – 23.5%
    - too low remuneration – 5.9%

In turn, the increase of employment in the company was due to the increasing demand for the products or services – 37.5%, the extension of the scope of their activities – 25% or the seasonal nature of work – 12.5%. In addition, 25% of respondents were not able to determine the causes of the increase in the number of employees in their company.

These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, in addition, in the Poviat we can see natural factors explaining personnel traffic in companies (retirement, leaving at one's own request). It is worth stressing that large personnel fluctuation is not a favourable factor to business efficiency and indeed has negative consequences for companies.

Taking no changes in employment for a positive sign, which in a crisis is reasonable, then the declarative dynamism in employment within the next three months, and the nearest year is relatively satisfactory. Only a negligible proportion of respondents promise to reduce the level of employment. Some changes (for both spans of time) were noticed in respondents' answers referring to keeping employment on the same level: in respect of 3 months it is 91.6%, in respect of 12 months – 77.9%. The forecast for the growth in employment is as follows: in the context of 3 coming months 2.1% of the respondents estimated an increase in the levels of employment, in regard to subsequent 12 months the number of indications increased to 8.4%.

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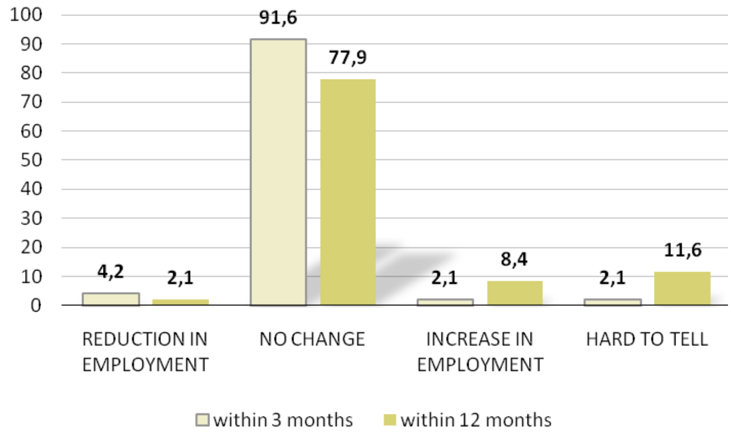
2.1% of the tested cannot predict employment dynamics for three months and more than five times more (11.6%) for the next six months (fig. 3). An unstable economic situation of the country certainly causes difficulties in diagnosing the situation and in the precision of possible forecasts.

Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates. Most companies anticipating reduction in employment were in section G – wholesale and retail trade; repair of vehicles, motorcycles, and personal and household goods, fewer companies want to reduce employment in sections: D – industrial processing and H – Hotels and restaurants. A waiting attitude is dominant among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers. Certain revival, which is expected to boost employment, is expected in individual enterprises coming from the above-mentioned section G – wholesale and retail trade; repair of vehicles, motorcycles and personal and household goods, and also F – Building.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)

Source: *Own research.*

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The process of recruitment and employing new workers would primarily reinforce supporting services, for 50% of the surveyed declare the need for the employment of services staff and salespersons and 50% for industrial labourers. Depending on the wanted specialities, professional qualifications and possible employees should have vocational education in accordance with the profile of the company – 66.7% and some previous experience in the job – 33.3%. Obviously, seeking new employees may be done internally (the so-called internal recruitment), and by external recruitment (seeking employees on an external labour market). With regard to the Poviat of Szczecinecki the analysis refers to the external recruitment process. The companies looking for employees in the Poviat declare passive strategies of seeking, in 18.3% of cases it was the employees themselves who came to the firm in search of a job, or in 12.7% of cases they were recommended by others. The dominance of the following recruitment methods suggests that the local labour market is so far in disorder that companies applying passive strategies know, firstly, that they are effective (and do not require effort on the part of companies) and secondly they depict the employers' market and also if there is any surplus of employees, where companies, as indicated by a high level of unemployment, can find themselves in a privileged position. Using traditional methods of mediation by companies in the Poviat of Szczecinecki is as follows: 16.7% of employers looks for workers via Works Centres, 8% of the entrepreneurs uses advertisements in newspapers or the Internet.

The company's development potential – the company's remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this is the so called sensitive variable, which is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. With regard to the Poviat of Szczecinecki nearly 40% of respondents refused to answer. However, the obtained responses suggest that the salaries during the past and current years were given some level of dynamism. In 2008 the salaries increased in 18.0% cases, in 2009 the number has been 5.3% of the surveyed. However, within this period, noticeably, there was an increase in the number of businesses (from 2.1% to 3.2%) in which wages fell (tab.8).

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	18	5,3
Were reduced	2,1	3,2
Unchanged	41,1	51,6
Refusal to answer	37,9	40

Source: *Own research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human resources management. It is of course a cost-generating item, but in the long term enhances business. In the Poviat of Szczecinecki 69.5% of the surveyed companies do not use this type of solutions. The remaining – 30.5%, declare using training but taking into account only essential training: management, finance, marketing, accounting, machinery and vehicle operators, sales

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and customer services, special branch trainings, computer skills, foreign languages and compulsory trainings such as: workplace safety (bhp), etc.

The situation in which companies do not invest in human resources, or not strengthen intellectual capital, always results in the lowering of development needs. However, this situation may be a consequence of the current economic crisis and the drastic looking for savings by enterprises.

Today, in the time of rapid growth of the importance of technology in the functioning of societies, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. The technologies being used in the enterprises determine the potential of the companies in the Szczecinecki as follows: 13.8% of companies use modern technological lines in 2008/2009, 35.1% – purchased within the last five years and 20.2% of companies use technological lines purchased before 2004.

In terms of modern technology procurement, the data are as follows:

- machines and modern devices – purchased in 2008/2009 – 22.1% of companies,
- machinery and equipment used from 3 to 6 years – 40% of companies,
- machinery and equipment used from 7 to 10 years – 11.6% of companies,
- machinery and equipment used for over ten years – 14.7% of companies.

From the presented data emerges a picture of companies which, although trying to keep up with the challenges of the market by applying new solutions and modern equipment are somewhat behind the technological race. However, the fact that 30.9% of respondents were not able to describe the technologies being used in their companies, and 11.6% of them could not specify the technological state of the machinery used in their company, raises the concern that they did not want to admit to using in their companies outdated and old solutions, which are generally disapproved of. This category cannot be firmly associated with the companies using the machinery and equipment older than 10 year. However, it can be assumed that a significant proportion of them are just such company.

B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Szczecinecki the choice of location for their activity was determined by:

- the residence of the owner – 43.8%,
- the opinion that the Poviat of Szczecinecki is a good location – 25.8%
- the availability of markets – 11.8%,
- the availability of cheap labour – 7.9%,
- the availability of supply – 4.5%
- the matter of chance – 3.4%,
- the availability of supporting institutions – 1.1%,
- the lack of competition – 1.1%,
- the inheritance of a company– 0.6%

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The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market.

The presented data show that companies in the Poviat of Szczecinecki knowingly or unknowingly apply a strategy for building a quality advantage, that is, they seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality (fig. 5).

Most of the surveyed companies estimate their level of competitiveness as that of a local scale – 54.1%. In the opinion of the respondents there are 16.2% of companies with competitiveness on the Poviat level, 14.4% on a national scale, and 5.4% on the European Union scale. In addition, 9% of the surveyed has trouble with defining their company's competitiveness. Thus, the main competitors of the companies in the Poviat of Szczecinecki are other local companies – 91.6%, and companies from Western Europe are seen as a potential competitor by 5.3% of the respondents. In the opinion of 1.1% of respondents in respect of their activities there is no pressure from the competition. The remaining respondents 2.1% couldn't answer this question.

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses. Among the surveyed companies 7.5% declared that they do not encounter any problems in their business activities; however, the remaining 92.5% of the respondents had some difficult or critical moments.

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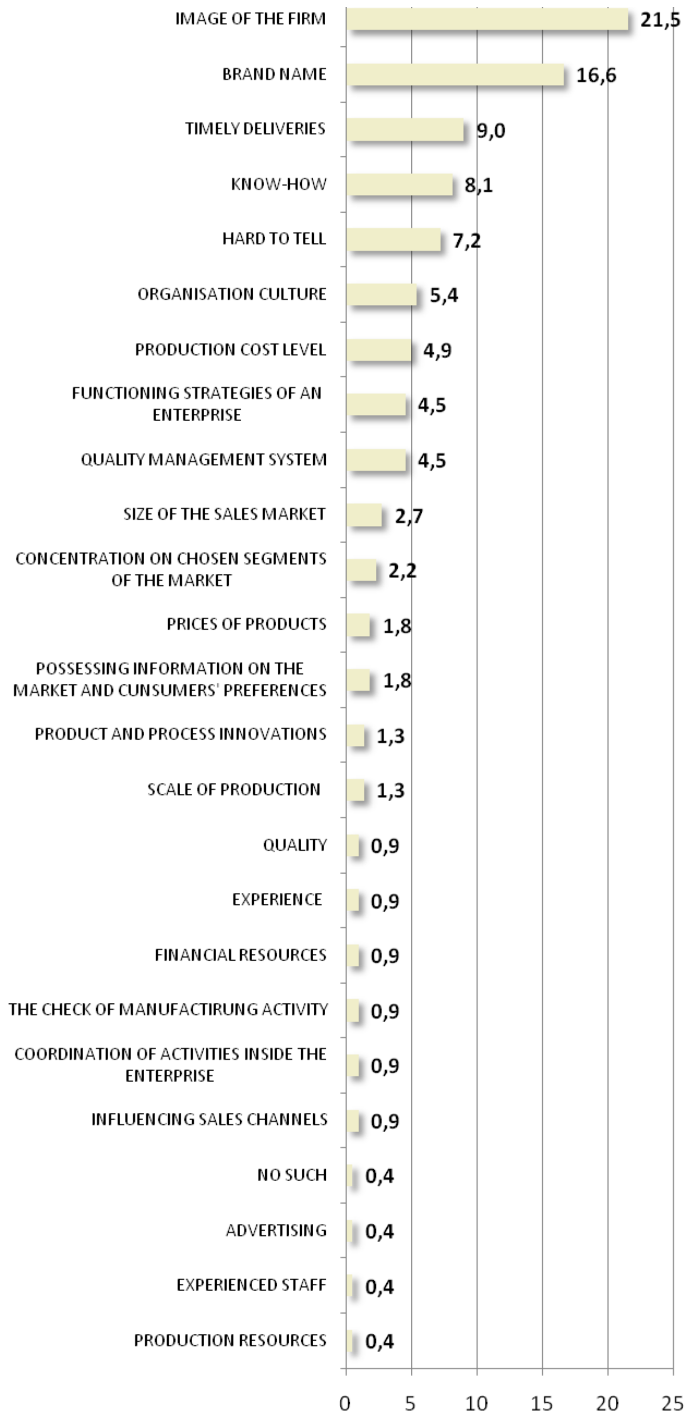
Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

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Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- strong domestic and foreign competition – 15.9%,
- high load on the budget – 14.0%,
- uncertainty overall economic situation – 14.0%,
- heavy bureaucracy – 11.2%,
- inadequate domestic demand – 10.7%,
- unclear and inconsistent legislation – 5.1%,
- insufficient foreign market demand – 3.7%,
- no concept of development for cities/municipalities – 2.8%,
- the development of 'grey market' – 1.9%,
- large distance from the outlets and supply – 0.9%,
- currency rate fluctuations – 0,5%.

The biggest difficulty for the surveyed businesses is learning to function in a free market economy, where experiencing strong competition mechanisms is a norm, and the inherent pressure and constant risks are unavoidable. Interestingly enough the surveyed expressed the opinion that they experience a lot of difficulties in their business caused by public institutions – in particularly such as: heavy bureaucracy and high taxation. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, frequent problems, generated by the State and its institutions.

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications):

- difficulties in accessing funds necessary to operate – 4.2%,
- a poorly developed infrastructure – 2.8%,
- the lack of professional staff – 1.9%,
- the lack of suitable machinery – 0.9%,
- delays in payments, insolvency clients – 0.9%
- a shortage of raw materials, semi-finished products for reasons other than financial– 0.5%
- currency rate fluctuations – 0.5%.

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. In the Poviat of Szczecinecki the main practice in these situations are: reducing investment expenditure – 30.3%, the decrease in the level of employment – 9.8%, cessation of investment – 5.7%, reorganisation of the establishment – 4.9%, the reduction in wages – 4.9%, the decrease of working hours in employment contracts – 2.5%, sending employees to payless vacations – 1.6%, lowering the prices. This means that to a great extent, the reaction to crises is restricting an aspect of activity, which is a passive strategy. Active methods include: loans for business activities – 1.6% and underwriting concluded contracts – 0.8%. It is worth to recommend active strategies, which to some extent secure from the effects of changeable environment. Not taking any concrete action in a crisis is a much more unfavourable phenomenon – and such passivity is owned up to by as many as 22.1% of the surveyed. In addition 14.8% of the surveyed cannot completely define the way of tackling difficult situations, namely 36.9% of the surveyed knowingly or unknowingly apply a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

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Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 38.9% of the surveyed conclude that the situation of the company during the last 6 months has not changed, 19% say that it has clearly improved, but the opposite opinion was voiced by up to 40% of the surveyed which is a relatively large group and 2.1% couldn't answer this question. It is clear that the assessment of the socio-economic conditions depends on one's own subjective business experience.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for the item and service – 52.6%
- increase in fuel prices and energy – 12.3%
- increase in prices of materials and raw materials – 12.3%
- the competition – 7.0%
- crisis – 5.3%
- the change of the Swiss franc/zloty rate – 3.5%
- the change of the euro/zloty rate – 1.8%
- the lack of funds for investment – 1.8%
- poor health of the owner – 1.8%

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 80.0%,
- prices of materials and raw materials – 10.0%,
- changing managers in the company – 5.0%

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it, however, overall factor data is rather pessimistic.

It is generally known that the companies function in a particular external environment – a socio-economic surrounding, whose quality affects the functioning of companies. In this regard by the most of the surveyed – 57.9% – the economic situation in the region during the last 6 months deteriorated, by 38.9% – not changed, and only by 3.2% of the surveyed it improved. As has already been mentioned such diversity of opinion certainly comes from subjective experience in the market. If the company prospers effectively, this propensity to positive environment in which it operates is greater (and vice versa). Presented data may indirectly confirm earlier observations on the difficult situation in which many companies of the Poviat operate.

Respondents forecast how the economic situation in Zachodnipomorskie voivodship will change over the next 6 months. Negative scenarios predicting a deteriorating economic situation in Zachodniopomorskie voivodship were expressed by up to 16.8%, and 47.4% thought that the situation in the projected period would not change, 12.6% of the surveyed believes that it will improve, at the same time a large group of respondents – 23.2% have difficulties in defining prospects.

Academically interesting is the attempt to observe the pace of changes in demand for services/products offered by the company in respect to the same period last year. The increase in the level of demand was mentioned by 19.4% of the surveyed, and the reduction by 41.9%, and the most numerous group cannot see any changes in the volume of demand – 35.5%. The

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remaining 3.2% of the respondents did not know how to estimate the changes in the context of the past year.

Additionally, the respondents were forecasting the changes in demand for services/products offered by the company in respect to the same period next year. The obtained distribution of variables points to the change of the situation, increased percentage of those who cannot predict what kind of changes will affect demand – 31.9%, quite a large group – 30.9% considers the volume of demand does not change, 22.3% that that the demand should rise, but there are considerably fewer persons awaiting the decline of it – 14.9%. Such a large number of those who are not able to estimate changes in the volume of demand (31.8%) in relation to the relatively short period allows the judgement that the situation on the market is so dynamically changing that the chances of predicting future are rather slim.

One of the major factors determining the development potential of companies is the level of investment. Obviously, in order to strengthen its position in the market, be ahead of competition, a company must take pro-development actions, and one of these types of action are investments. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and in relation to local or regional development. The benefits of adequately realised investments are obvious and usually mean strengthening the position of the company in the market. No investment always results in stagnation and losing the market.

The primary (but not the only) way to invest is to increase the resources of tangible fixed assets of the company. In this regard companies of the Poviat of Sławeński are on an unsatisfactory level, in 34,8% of the surveyed companies there were no investments at all, but the companies of the Poviat of Szczecinecki which do invest usually choose the following goods – ranked by the multiplicity of indications:

- equipment (furniture, appliances) – 23.4%,
- vehicles – 12.1%,
- buildings, land – 13.1%.

Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). Half of the respondents (50%) pointed out that the expenses incurred were in the bracket of PLN 5 000 to PLN 50 000, next groups of respondents declare increasingly lower amounts – 30.0% of the surveyed companies within the last 6 months invested in the development of their company less than PLN 5000. Without doubt, this suggests a small scale of their operations, and its sector specificity – the firms involved in minor services mostly do not require costly equipment. In contrast, 10.0% invested sums in the regions from 50 000 to 500 000, and only 5.0% of companies invested over 500 000.

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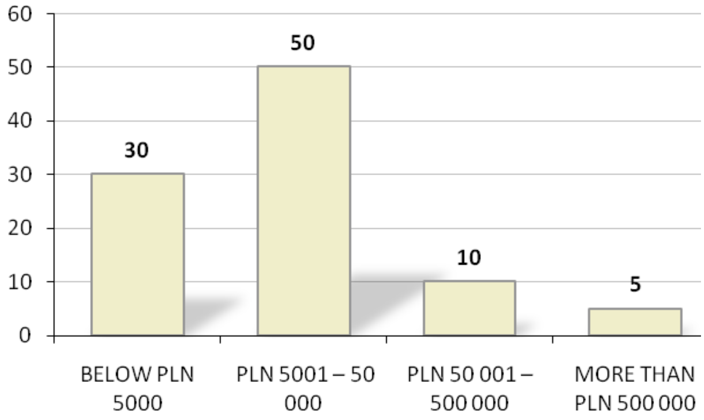
Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

The respondents also forecast possible investments in the course of the next six months. The resulting data are following: 56.8% of respondents declare that the company doesn't plan to make expenditure for the purchase, lease (leasing) or refurbishment of the vehicle(s), equipment, real estate (buildings, land), at the same time 23.2% of the surveyed intends to take action, a 20.0% cannot answer this question. If entrepreneurs understand the importance of investments, then the lack of them will simply result in incapability of building up on the existing fixed assets of the company.

On the basis of subjective experience respondents also made a forecast for the situation regarding their own company for the next 3 years. This allows for long-term assessments of prospects for a company's development. The situation of their businesses will be as follows:

- the situation of the company will be similar to the present 26.3%
- it will be better than today 22.1%
- the company will fail in liquidation 9.5%
- it will be worse than today 5.3%
- hard to tell 36.8%

A worrying signal from the analysis of the compiled data is that a significant number of companies (36.8%), which are not in a position to evaluate prospects for development in relation to the relatively near future. Therefore, their self-awareness as well as position on the market and the very existence might become questionable.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel.

Partnerships and networking economic links between enterprises can be included to external growth strategy, and as regards its duration and the dimensions, it can be short or long-term cooperation and may be more or less developed.

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In this regard the Poviat of Szczecinecki compares rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. The overwhelming majority – 76.9% of the surveyed companies do not co-operate with other entities. In respect of the remaining 23.1% of the companies that undertake to cooperate with other firms, they do it with: companies operating in the region (7.7%), self-governing units (5.8%), consultancy companies (1.9%), non-governmental organizations (1.9%), Government units (2.9%), educational institutions (1.9%) and other companies operating in the country (1.0%).

Another important issue is applying by entrepreneurs different forms of cooperation with companies in the region. The vast number of indications – 90.6% suggests not carrying out any forms of cooperation with other operators, others (9.4%) lead some cooperation of the type: joint venture – 7.3%, and association – 1.0%. In addition, the respondents mentioned the mutual provision of services – 1.0%.

The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to the low use of support from public institutions. The vast majority – 73.5% of the respondents declare that they do not use any available forms of support, among the remaining: 9.2% of companies benefited from the increase of employment in the company, 4.1% from funding for setting up a business, 3.1% on training and courses for employees and 1.0%: funding tax charges, funding the ZUS contribution, grants for employment with disabilities, the adoption of trainees, and create a new technological line.

As these data relate to the three previous years, their negative values are especially alarming. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. To expand this issue the respondents were asked, what form of support from local authorities would positively affect the activities of enterprises, but 15.2% of the surveyed did not give an answer to this question. While among the respondents who made a choice for the preferred forms of support, the most important are the following: funding tax charges (31.7%), funding the ZUS contribution (31.7%), subsidies to increase employment (22.8%) and grants for training courses for workers (11.0%) (fig. 7)

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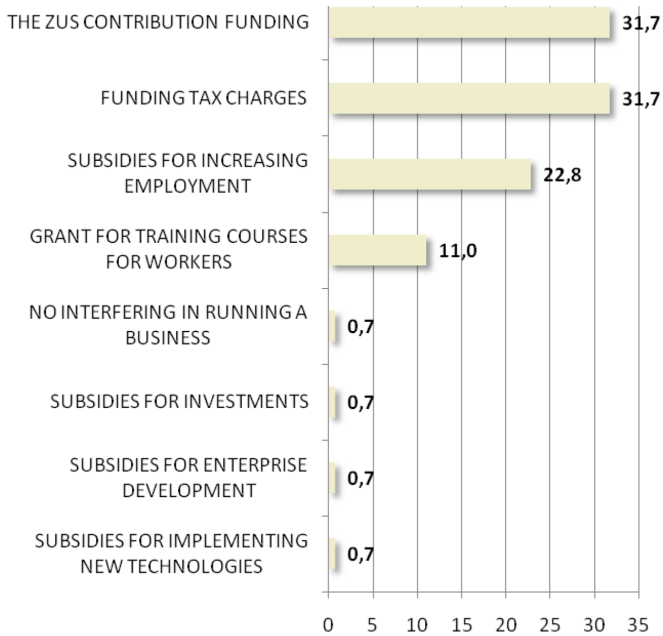
Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

The extent of economic exchange

The economic exchange in the EU takes place on a common internal market, which, firstly, covers the entire EU territory and, secondly, is based on the principle of the four freedoms: the movement of goods, persons, services and capital. You can therefore conclude that analyzed districts participate in this area on the principles of free competition.

Economic exchange conducted by members of the trade in the discussed Poviat is limited spacewise – 77.9% of the surveyed companies did not have any international exchange experience, 7.4% of them had some goods or services export experience, 9.5% of them had goods or services import experience, and 5.3% export-import of goods or services. The few companies which do export their products sent them mainly to: Germany (21.7%), France, the United Kingdom, Italy, Slovakia, Swiss, Sweden and other UE countries.

The forecasts for export volumes in the context of the next six months are as follows: by 8.3% of the surveyed – the export level will increase during this period, while the opposite view is also held by 8.3% of the surveyed. A large group of respondents (41.7%) thinks that exports remain unchanged and the same group cannot predict the trends in export.

Innovation in enterprises

As already mentioned the competitiveness of enterprises is determined by many factors of the external and internal nature. The first group of factors includes such as: State policy and the condition of the available infrastructure, to other group includes the internal factors, e.g.: the type of management, held capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is exceptionally merit-type of a factor for

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development, since it determines not only the pace and directions for economic development on an individual scale, but on a local, a regional and an international scales as well.

The innovation rate in business in the area of the Poviat of Szczecinecki is low, because only 11.6% of companies declare that in the period of 2007-2009 they applied some innovations, the remaining 88.4% did not take any innovative actions. In respect of the companies which applied some form of innovation, the source of their innovation was: (listed due to the declining number of indications):

- purchase technology – 33.3%
- introducing innovation by partner/ co-owner – 16.7%
- copying ideas and solutions from competition – 8.3%
- purchase of licenses – 8.3%
- purchase of research results prepared by R&D institutes – 8.3%

This means that the companies in the region do not have their own resources to develop their own innovations. Therefore, there is no company which would take the role of the leader in introducing the new solutions. On the other hand it is worth noting that the most common way of implementing innovation, and reported by the firms in the Poviat of Szczecinecki – ethical, although certainly financially stretching – is the purchase of technologies.

The main reason for applying innovation on such a small scale is the inability to finance innovative businesses – 44.1% of answers, additional reasons are: too large risks associated with the implementation of innovation – 18.3%, and the lack of potential interest in new products/services from client – 7.5%. Unfortunately, up to 30.1% of the surveyed were unable to diagnose the reasons for which innovation was hampered or impossible.

Activating entrepreneurs of the Poviat in question has more chances of success, in the context of co-operation with other entities for taking innovative actions. Noticeably, the pace of growth of innovation and new technologies in an enterprise and a region are determined, among others, by the volume of institutional funding on research, development and innovation.

Unfortunately, in this regard, over half of the surveyed – 55.3% don't have any expectations and 16.2% cannot answer this question. And therefore up to 71.5% of all respondents of the Poviat of Szczecinecki have no elemental knowledge on the role of cooperation with other entities in the field of innovation. The remaining group of the respondents (28.5%) expect as follows: 11.4% would appreciate the creation of programmes to promote technological development at the level of municipalities, then 7.6% indicated the need to build a system of information on technological companies, 5.7% showed the need for the construction of an information system on offers from units B+R, institutional infrastructure development in the field of brokering and transfer of technology – 3.8%; and to increase the quality and the degree of adjustment tenders units B+R to the needs of companies – 1.0%.

It is additionally noted that among the surveyed companies, there are units which are difficult to recognize as fully equipped to operate in a modern society. In highly developed economies (91.6%) using the Internet is a standard, but it is still not met by 8.4% of the companies of The Poviat of Szczecinecki – they do not have their own website, nor do they enjoy various types of search engines and Web browsers or e-mail.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting

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the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The emerging picture is somewhat alarming. 85.6% of the surveyed companies in the Poviat of Szczecinecki have never been using EU structural funds. The remaining (14.4%) have used them mainly for: to increase their employment – 4.1%, to raise the quality of potential staff – 2.1%, purchase equipment – 2.1%, the development of technical infrastructure – 1.0%, additional funding for people with disabilities – 1.0%, while 4.1% of the surveyed cannot answer whether, and if so, on what the company has spent the EU structural funds.

Unfortunately, such a low level of the use of funds stems from the lack of interest in this type of support – up until 8.6% of respondents do not want to benefit from EU structural funds. The entrepreneurs who did use EU grants defined the barriers limiting their effective gaining the resources (the following factors are organized by declining importance):

- bureaucracy and ambiguity of EU request forms – 31.6%
- limited access to information about programs – 21.4%,
- cost of preparing applications – 11.2%
- short term preparation – 9.1%,
- the necessity of own contribution – 9.6%,
- the lack of a competent person to help – 1.1%
- uncertainty of receiving the funds and high application expenses – 1.1%
- restrictions for start-up companies – 0.5%

As shown above, the previous experience of the entrepreneurs in the Poviat of Szczecinecki with applying and using EU structural funds is not very positive. A significant proportion of the companies, indeed, have no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of Szczecinecki in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the district, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

– the slow decline of population caused by the drainage of population from the Poviat;
– changes in the population age structure – permanently decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over

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- the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

- the increment of the rate of the number of working for 1000 people, which can suggest greater employing propensity of firms,
- the growth in average monthly gross salaries,
- a systematic decline in the number of unemployed people, the unemployment rate in 2008 in the Poviat was one of the highest in the voivodship (18-th place).
- the deficit jobs in 2008 in the Poviat of Szczecinecki were only found in such big professional groups as: office support staff and instructors, employees at work in trade and services, money market and customer service, managers of big organisations and teachers. There was a balance in the case of the group: mining, industry and construction auxiliary workers. The highest surplus went to such groups as: auxiliary workers in agriculture, farmers and fishermen working for their own needs, and then farmers, gardeners, foresters and market oriented fishermen.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential. However, there were clear indications of the economic upturn, evident from the analysed economic indicators like: the growth in the number of economic subjects, the increase of the industrial production sold, the increase of the Poviat's participation in creating administrative value sold, the increase of investments in companies, or higher than in 2004, the gross value of fixed assets, but also a clear signals braking development, of which evidence can be seen in reducing investments in companies (up to 88.5%).

Another conclusion from this analysis is that the development of entrepreneurship in the Poviat will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat of Szczecinecki, and developed on the basis of our own research allows to indicate some characteristic features for this group. The surveyed firms are engaged primarily in service sectors, which are dominated by trade. As for the structure of the companies, the commonest being microenterprises, registered in the form of natural person businesses. Among the surveyed businesses those being on the market for over 10 years seem to prevail.

The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail. Because economic situation is still precarious it can be assumed that the declarations about the absence of any changes in employment are the consequence of a positive assessment of the company's situation. However, noticeably, the companies expecting adverse changes in the labour market (relating to redundancies), outnumber those which anticipate an increase in employment.

Considering the respondents' answers, it can be concluded that business activity is hampered by both market factors (strong competition, limited demand) and administrative factors (high load on the State budget, too heavy bureaucracy) and positive examples of the support obtained from public institutions were rare. From the voices coming from representatives of

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companies it is clear that for most of them the State (and its different agencies) does not have any interesting forms(or at least it is not known) of supporting business enterprising. Generally the company's focus is primarily on consolidating its place on the market, and the co-operation and partnership with other enterprises or public institutions are rare occurrences.

However, it should be also noted that entrepreneurs are not very active in seeking additional opportunities related to supporting the development of the company – whether through public aid, or by linking capabilities with others. Generally the company focus is primarily on consolidating its place on the market. Co-operation and partnership with other enterprises or public institutions is rather limited.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is a small share of innovative solutions used in businesses.

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate to much different rules from those of small and medium companies;
2) a series of institutional and procedural barriers need removing in the process of setting up and running a business both at national and local levels;
3) special attention should be drawn to creating opportunities to improve professional skills by both corporate employees as well as by their owners, which requires action, whose goal is to change attitudes especially of the latter group. Companies are struggling with similar problems, but their solutions largely depend on intuitive decisions of individuals – hence the situation of businesses operating in the same sectors is so varied;
4) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
5) due to the low level of innovation in the investigasted companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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7. The Poviat of Świdwiński

Introduction

Territorial Division

The Poviat of Świdwiński is situated in the central part of the Zachodniopomorskie voivodship. It borders with the neighboring Poviats: Białogardzki, Kołobrzeski, Łobeski and Szczecinecki. In 2008 it covers the area of 1093 km^2, which accounts for 4.8% of the area of the whole voivodship, and has the population of 48.6 thousand which is 2.9% of the total voivodship population. With these figures the Świdwiński Poviat ranks on the 9-th and 12-th place respectively in the whole voivodship.

The Poviat consists of six communes: an urban Świdwin, urban-rural Połczyn-Zdrój commune and rural areas: Brzeżno, Rąbino, Sławoborze and Świdwin communes. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 97.3% and put this Poviat on the 5-th place in the voivodship. Respectively the urban area ratio was on the level of 2.7% which meant the13-th place in the voivodship.

In the whole Poviat there are 203 towns and villages with the proportion of 201 villages and only two towns: Połczyn-Zdrój and Świdwin, which is the capital of the Poviat.

Fig. 1. Administrative borders of the Poviat of Świdwiński
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect to all entrepreneurs taking part in the research. In the analysed population, the gender regression is somewhat asymmetrical: 56.3% of men and 43.7% of women. The next variable was the age of the respondents – the analysed population indicates the preponderance of people aged 46-55 – 32.4% of the whole population, and the second group of respondents are, people aged 36-45 – 25.4%. In the test group there can be seen some domination of older age categories. With regard to all respondents, most of them had a secondary education – 56.3%, and tertiary education – 28.2%, a vocational education – 14.1%, and primary education – 1.4%. The last variable is the job or post they hold. Thus there were 70.4% of firm owners, 7.0% of

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chief accountants, 2.8% of chairpersons or directors, 1.4% of office workers and 18.3% of people responsible for talks in the company.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 The Poviat of Świdwiński population decreased by 1.3%. According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

The Poviat of Świdwiński belongs to very sparsely populated areas, the average population density rate in 2008 was 44 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level.

In 2008 The Poviat of Świdwiński all city population was 24.1 thousand people, which in turn determined the urban demographic rate on the level of 49.6%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, The Poviat of Świdwiński seems to be a region of low urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rate the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in The Poviat of Świdwiński in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	49212	48816	48571
Urban demographic rate	49,8	49,5	49,6
Rural demographic rate	50,2	50,5	50,4
Population density per 1 km^2	45	45	44

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological age groups (0-14, 15-64, and 65-plus). This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 1.2 thousand, and its general ratio to the total population of the region fell from 18.2% in 2004 to 16.0% in 2008. In the next age group, i.e. age 15-64, there was an increase from 34.5 thousand to 35.1 thousand in the respective years. However, the ratio of this group to the total population increased from 70% to 72.2%. The last age group population, i.e. age 65-plus increased by 0,8% and its ratio to the total population went up from 11.7% to 11.8%. These demographic tendencies seem to be similar to those observed in the whole

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country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Poviat of Świdwiński the percentage of people in the pre-productive age group was 20.5% (in the voivodship – 19.1%), in the productive age group – 65.2% (65.9% in the voivodship) and in the post-productive age group – 14.3% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 2.0%) and post-productive age group (by 0.9%), and a simultaneous decrease in the pre-productive age group (by 2.9%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in The Poviat of Świdwiński 569 new children were born, which accounted for a 23.2% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 11.6 live births (10.8 in the voivodship) and only 9.2 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in a given area. In the years 2004-2008 in the Poviat in question there was an decrease of the death rate by 0.6%. For each 1000 inhabitants in 2008 there were 9.8 deaths (9.7 in the voivodship), and only 9.7 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in The Poviat of Świdwiński in all the years in question amounted to over 50%.

The population growth, based on the number of live births and the number of deaths in The Poviat of Świdwiński in 2008 was positive (86 people) and compared to that from 2004 had increased. After conversion for each 1000 people, the growth ratio was on the level of 1.7 (1.1 in the voivodship), whereas in 2004 it had a negative value of -0.5.

Tab. 2. Natural migration of people in The Poviat of Świdwiński in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	9,2	10,4	11,6
Total death rate for 1000 people	9,7	9,8	9,8
Natural growth rate for 1000 people	-0,5	0,6	1,7

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In The Poviat of Świdwiński in 2008 the total migration rate was negative and amounted to -182 people, which was caused by the outflow of people to other Poviats in the voivodship or going abroad. For each 1000 people in the Poviat the migration rate was negative (-3.7 people), and was higher than in the voivodship (-0.8 people).

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The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In The Poviat of Świdwiński in 2007 there were 7.6 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 16.8%. In the analysed period there was a significantly bigger increase in the employment of women (by about 22.0%).

For each 1000 people in 2007 there were 156 people employed in the firms with nine and more workers, which ranked the Poviat on the 10-th place in the voivodship (with the average rate for the Zachodniopomorskie voivodship 193 employed in nine-plus firms for each 1000 people). The analysis of the employment rate shows its growth compared to 2004 (the growth dynamism was bigger than in the voivodship), which can suggest: firstly, the increased willingness on the part of local business to employ new workers, and secondly, a sustainable socio-economic development of the area.

Tab. 3. Workers and salary in The Poviat of Świdwiński in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	6493	7136	7587	116,8
men	3262	3672	3645	111,7
women	3231	3464	3942	122,0
Workers together with individual agriculture	8007	8650	9101	113,7
in% of the agricultural sector	25,2	23,4	22,0	87,5
industrial	30,7	33,4	35,1	114,4
supporting	44,2	43,2	42,9	97,1
Average monthly gross salary of PLN	1767,64	1922,03	2075,56	117,4

Source: *Own analysis based on the data from the Central Statistical Office.*

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in The Poviat of Świdwiński in 2007 the number of people employed was 9.1 thousand. The employment structure by economic sectors shows that 22.0% of the employed worked in agriculture (11.8% in the voivodship), 35.1% in industry and 42.9% in services. Since 2004 the employment in the industry sector

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slightly increased, and it did so at the expense of the service sector (a smaller drop) and in agriculture (a bigger drop).

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was PLN 2075.56 and it was more than in 2004 by about 17.4% (a similar increase was for the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by about PLN 540.00). With respect to the pay rate, the Poviat was on the last 21-th place in the Zachodniopomorskie voivodship.

In The Poviat of Świdwiński, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 3706 people unemployed (in which women made 54.5%). Since the beginning of the analysed period the number of unemployed dropped by 50.6% (only 45.2% in the voivodship), and the drop referred mainly to female workers. 59.6% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the increase – the percentage of unemployed people living in villages was higher than in 2004.

The registered unemployment rate in the Poviat in 2008 was 28.4% (with the average for the voivodship 13.4%) and it gave the Poviat the 17-th place in the Zachodniopomorskie voivodship. By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a slight decrease of the unemployed not entitled to state welfare money (by 6.3%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still worryingly big – in 2008 it was 71.5% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 5.9%). At a similar level remained the share of people aged 25-34, and there was a decrease in other age groups (the biggest in the 35-44 age group and below 25 age group). There were fewer unemployed people with a vocational education, and more unemployed with a gymnasium education and primary education, as well as general secondary and university education.

The situation on the job market is determined in a close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and the job postings made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in The Poviat of Świdwiński were only found in such big professional groups as: auxiliary workers in agriculture, money market and customer service, employees at work in trade and services, office support staff and executives of small and medium-sized factories. There was no balance in any of these groups. Apart from the groups mentioned above (with deficit jobs), other groups were unbalanced with surplus jobs. The surplus (deficit) intensity rate was the least favourable for groups: farmers and fishermen working for their own needs, and vocational teachers and instructors. In comparison to 2004 the average surplus intensity rate hardly increased, which means only a small improvement for the unemployed on the job market.

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Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In The Poviat of Świdwiński in 2008 in the REGON register there were 4.4 thousand firms and businesses which accounted for only 2.1% of all businesses in the voivodship. Compared to 2004 the number in the region increased by 6.7% (with 5.5% in the voivodship). From among all businesses operating in the area in 2008 over 93% came from the private sector.

Considering the competitiveness of The Poviat of Świdwiński with regard to the business saturation, it only ranks on the 19-th place in the voivodship. On average, the Poviat has 90.4 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that Świdwin Poviat is a weakly developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in The Poviat of Świdwiński in 2004, 2006 and 2008

SPECIFICATION		2004	2006	2008
All economic subjects		4118	4287	4393
for 1000 people		83,7	87,8	90,4
by economic sectors in %	agriculture	4,7	4,9	4,8
	industry	16,5	17,8	18,8
	services	78,8	77,4	76,3

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 95% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 3.8%, and average businesses only 0.6%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro and small businesses in the Poviat increased, and that of average businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat of Świdwin was represented by natural persons running their own businesses (73.3%), with the next place going to trade companies with 3.8%, associations and social organisations with 2.3%, co-operatives with 1.1%, and foundations with 1%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 34.0 trading companies for 10000 people in the Poviat giving it the 16-th place in the voivodship. Compared to 2004, the number increased by 24.1%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 61 such companies in the region, which, when set against 10000 people, gave

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12.6 units. Companies with foreign capital accounted for 37.0% of all trading companies in the Poviat, and their number compared to 2004 increased by 38.6%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in The Poviat of Świdwiński the firms from the service sector were the most numerous with the number of 3.4 thousand they accounted for 76.3% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 66.5% of all businesses in the Poviat, and non-market services by 9.8% of firms. The percentage of firms from the industrial sector was 18.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails on average more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.2 thousand, which was only 4.8% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that nearly 60% of the firms in the region in 2008 came from three sectors: trading and repairing, services for housing and firms, and industrial processing.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[31] In 2008 in The Poviat of Świdwiński REGON register 335 new firms were registered, which gave 6.9 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: trade and repairing sector 30.1%, building 26.9%, services for housing and firms 12.8%, which is recently a generally observed tendency in the whole country.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in The Poviat of Świdwiński in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	251	304	335
for 1000 people	5,1	6,2	6,9
All checked out firms	144	219	248
for 1000 people	2,9	4,5	5,1

Source: *Own analysis based on the data from the Central Statistical Office.*

In 2008 in The Poviat of Świdwiński 248 firms were crossed out from the register. For 1000 people it gave 5.1 units (9.6 in the voivodship). Considering the sections from the Polish

[31] *The Report on the condition of small and average firms in Poland in 2006-2007.* Prepared by Polish Business Development Agency, Warsaw 2007.

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Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, services for housing and firms, and industrial processing sector. However, it should be stressed that more firms were registered than checked out.

Using the shift-share analysis, the level of competitiveness of The Poviat of Świdwiński can be assessed. The level is referenced to the Zachodniopomorskie voivodship with respect to the number of national economy subjects according to the PKD classification code. Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). The level of competitiveness of the area (KO) illustrating the differences between the growth rate in the Poviat in comparison to the voivodship is high, and its positive value shows high competitiveness of the Poviat. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In The Poviat of Świdwiński in 2007 it was worth PLN 416.2 million and it was 1.8% of the total production sold in the voivodship. Compared to 2004 there was an increase in the production sold in the Poviat by PLN 110.6 million, and thereby the Poviat's contribution to the production sold in the voivodship also increased.

The industrial production sold for one person in the Poviat was in 2007 PLN 8551.00 (with the average for the voivodship PLN 13447.00). That gave the Poviat the 9-th place in the Zachodniopomorskie voivodship. The leading areas in industrial activity were the following Poviats: Goleniowski, Policki and Szczecinecki.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 persons in the Poviat of Świdwiński in 2007 amounted to PLN 44.2 million and were higher than those incurred in 2004 by about 13.0%.

The highest expenditures were incurred in the industrial sector, then in services (primarily in the market services) and agricultural sector. Since 2004 the expenditure incurred in industrial sector decreased, while in the agriculture and services – increased. The volume of investments per capita equals to PLN 907, and was much lower than the average in the province and put Świdwiński on the 17-th place among other Poviats of the Zachodniopomorskie voivodship, before Drawski, Koszaliński, Pyrzycki and Choszczeński.

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Tab. 6. Investment and gross fixed assets in The Poviat of Świdwiński in 2004, 2006 and 2008

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	39,1	52,6	44,2	113,0
in % agricultural sector:	12,5	39,6	20,1	160,8
industrial	70,4	45,4	44,1	62,6
market services	13,0	10,8	34,4	264,6
non-market services	4,1	4,2	1,4	34,1
per capita in PLN	794	1075	907	114,2
The gross value of the asset in million PLN	375,2	477,2	506,3	134,9
in % agricultural sector:	18,8	20,3	19,2	102,1
industrial	44,4	44,9	44,8	100,9
market services	23,5	23,4	25,5	108,5
non-market services	13,3	11,4	10,5	78,9
Per capita in PLN	7624	9775	10425	136,7

Source: *Own analysis based on the data from the Central Statistical Office.*

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the district was PLN 506.3 million and was higher than in 2004 by 34.9%. The highest gross fixed assets were recorded in the industrial sector, then in services (primarily in the market services) and agricultural sector. Compared with 2004, the capital expenditure on agriculture increased, in the industrial sector increased and in services decreased. According to the gross worth of fixed assets per capita in 2007, Świdwiński Poviat was on the 14-th place in the voivodship.

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities).

In 2008, Świdwiński received for the execution of its tasks, 47.5 million PLN (about 57.6 per cent more than at the beginning of the investigation period). It was PLN 978.62 per capita, which was the 3-rd place among the Poviats of earthly (after Białogardzki and Stargardzki). The expenditures amounted to PLN 49.7 million of which investment expenditure property constituted 18.2% (16.7% in the voivodship). The growth of expenditure in the Poviat (compared with 2004) was higher than the revenues. Spending per capita placed the Poviat on the 3-rd place among the Poviats of earthly.

The budgets of urban and rural districts of Świdwin and Brzeżno, Połczyn-Zdrój, Rąbino and Sławoborze in 2008 drew the joint income equalling to PLN 123.9 million and the amount of income per capita placed the Poviat on the 11-th place in the province. Municipalities issued PLN 127.4 million, in which property investments accounted for an average of 13.0% of the total expenditure budgets of these communes. Compared with 2004, the expenditure of municipalities increased more than their revenue.

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Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within The Poviat of Świdwiński in 2004, 2006 and 2008 in PLN

SPECIFICATIONS	2004	2006	2008	2004=100
Poviat budget revenue	30133644,00	34776471,10	47481519,26	157,6
per capita	610,17	710,88	978,62	160,4
Poviat budget expenditure	30454181,00	36011332,87	49746941,54	163,4
per capita	616,66	736,13	1025,31	166,3
Revenue of municipalities' budgets	81187152,00	102741590,47	123936725,84	152,7
per capita	1643,93	2100,20	2554,40	155,4
Expenditure of municipalities' budgets	79223448,00	105876954,74	127431801,59	160,9
per capita	1604,17	2164,29	2626,43	163,7

Source: *Own analysis based on the data from the Central Statistical Office.*

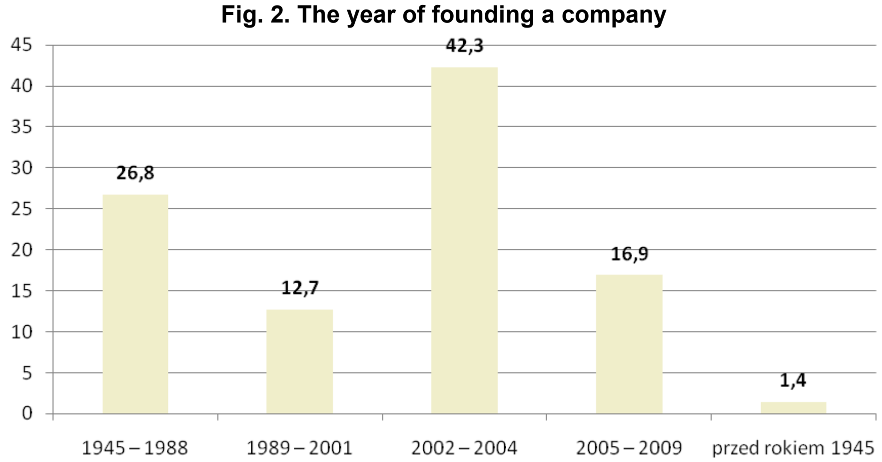
Own research results

A. The State and structure of the economic activity of the companies surveyed

Entrepreneurs and their companies – characteristics of the business

The number of registered traders in The Poviat of Świdwiński after 1989 have been heavily fluctuating (fig. 2). The dynamic growth in the number of registered firms, which followed after 1989 is clearly connected with the politico-economic developments in Poland. It should be noted that the presented data are companies which still operate on the market, and the figures don't show an absolute increment of the number of companies in the Poviat – in the meantime a certain number of companies closed down. In principle it should be noted that the companies presently operating in the Poviat are mainly those which have already had some experience and which started when free market economy was being introduced to Poland. However, one-fourth (26.8%) of the firms are those which have been present on the market for a very short time now, and because they were set up during the global prosperity, it is difficult to determine how they will cope with the slowdown of the world and national economy.

Fig. 2. The year of founding a company



Source: *Own research.*

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With regard to the companies in the Poviat, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 69.0% of all companies investigated, then come small companies – 15.5% and the average – 14.1%. Large companies were represented by one unit. Next, regarding the type of activities, single enterprises prevail – 83.1% and the remaining (16.9%) goes to co-partnership companies (of which 5.6% limited liability partnerships, particular partnerships 4,2%, civil associations and public companies at 2.8% each and commandite partnership 1.4%). So significant predominance of single operators may indicate a trend of changes on the local labour market – away from employment, towards self-employment. It indicates, however, some dangers mainly related to running a business on a small-scale.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies supporting services market conducted in various industries – both as construction services, trade and services, social and personal, and others. However, it should be noted that there was a significant proportion of companies from section D – industrial processing (24.3%).

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows the dominance of people with secondary education – people with such education were hired by 34.7% of the respondents. Slightly more companies declare the recruitment of people with higher education 24.3% than vocational 22.9%. Special attention should be drawn to the fact that some firms still employ people with primary education – 6.9%, gymnasium education – 5.6% and without education 5.6% – this gives a total of almost 20% share of companies that use workers without any acquired qualifications.

Presented data can be interpreted as follows – many companies (almost one fifth) build their businesses recruiting persons without education or the education at the primary level, which is related to the demand for unskilled workers.

Personnel traffic is an important indicator for the characteristics of the firms. In 2008 in the case of 9.9% of companies employment rates declined, increased in 12.7% but in 77.5% of the surveyed companies there was no personnel traffic.

The main causes of a reduction in the number of workers were:

- the issues of external problem with
  - disposal of products and services – 45.5%,
  - unprofitability of the production and sales – 27.3%
  - seasonal nature of work and crisis – 9.1%;
- internal issues:
  - retirement of workers – 9.1%.

In turn, the increase of employment in the company was due or the extension of the scope of business activities (60.0% expression), the increasing demand for the products or services (30%) or the purchase of new machinery (10%). However, remember that the

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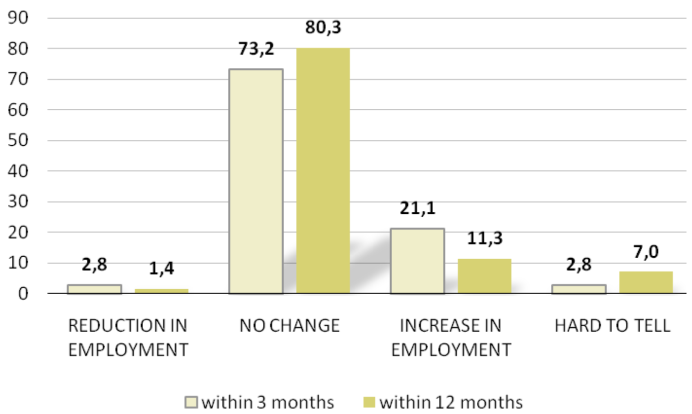
presented data are relatively small companies, which have declared the decrease or increase in employment.

These data clearly indicate that companies are flexible as regards employment policy – when need be the companies cut down on costs by reducing employment and in favourable circumstances they increase it, even if going upstream prevailing market trends. This manifests in the increased number of companies which have taken on more employees in the current year and which outnumbered those were people were made redundant.

The declarative changes in employment within the next three months, and the nearest year are optimistic because in the short term only 2.8% and in the long run 1.4% of the surveyed plan to reduce the number of employees (in agricultural, and unskilled work), as many as 73.2% or 80.3% don't plan changes in this regard, in turn, 21.1% or 11.3% declares the increase of employment, while 2.8% and 7.0% cannot predict changes in employment (fig. 3).

Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates. The reduction in employment is expected only in section D – industrial processing and A – agriculture, hunting and forestry, which is compatible with earlier observations. That suggests that the reduction in employment refers primarily to agricultural workers or unskilled workers. A waiting attitude is dominant among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers. However, it should be noted that there are more companies which expected a future increase in employment than those expressing an opposite view. The biggest group expecting the growth in employment came from section D – industrial processing and O – services, social and personal services. Some revival, which is supposed to boost employment, is expected to come from the business representatives of different sections in the region, the worst in this respect is the situation in section A – agriculture, hunting and forestry, since in the case of companies from these sectors their high unemployment rates are not neutralised or compensated by the projected increase in employment in other sectors.

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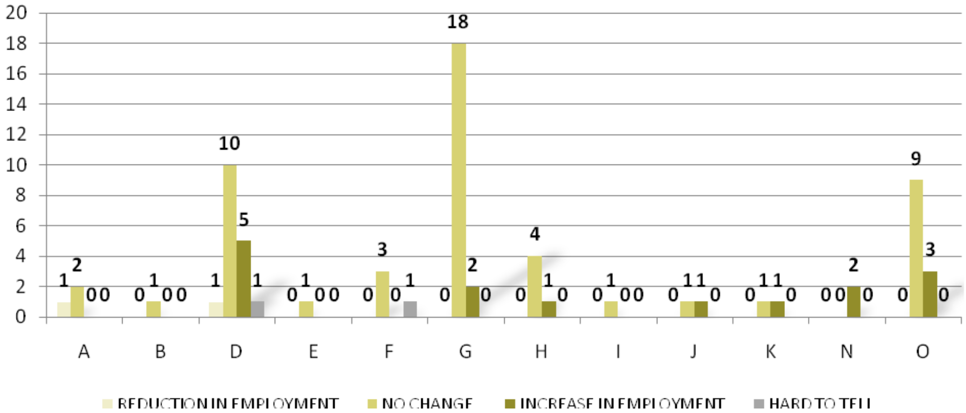
Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

The process of recruitment and employing new workers would primarily reinforce supporting services, for 25% of the surveyed declare the need for the employment of persons to the so called unskilled work, and industrial workers and craftsmen, and other specialities where new employees are planned to be recruited are business experts and technicians and other average staff – 12.5% of declarations each. Depending on the required jobs, professional qualifications of prospective employees should be related to such as vocational training compatible with the profile of the company – 33.3%, previous experience in a given profession – 20.8%, then at least higher or secondary education and preferably compatible with the profile of the company – 12.5% each. Looking for new staff takes place passively – the persons concerned come to company themselves (23.4%) or the companies benefit from the assistance of UP 22.3%. While the most – 34.0% of the respondents, said that they are not interested in employing new workers.

The company's development potential – companies-remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this is the so called sensitive variable, which is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. However, the obtained responses suggest that the salaries during the past and current year were given some level of dynamism. In 2008 the salaries were increased in 11.3% cases, in 2009 the number has only been 5.6% of the surveyed (tab. 8). Although in 2008 there were some companies which cut salaries, there were no such companies in 2009.

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	11,3	5,6
Were reduced	2,8	0
Unchanged	52,1	54,9
Refusal to answer	33,8	39,4

Source: *Own research.*

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It seems that the unfavourable dynamism in respect of remuneration is the result of the current economic crisis and adopting by companies different anti-crisis strategies to stay on the market and the simplest of these strategies seems to be freezing remuneration on an unchangeable level.

An important, although most underestimated, element building the development potential of companies is retraining workers. It is of course an item cost-generating, but in the long term enhances business. A worrying signal is that up to 77.1% of the surveyed companies do not use this type of solutions. The remaining 22.9%, declare using training but considering only essential training: defined in a broad sense industry-specific trainings and handling machinery and equipment trainings, accounting, safety at work place training, sales and customer services, property management, plumbing and fitting. The situation in which companies do not invest in human resources, or not strengthen intellectual capital, always results in the lowering of development needs.

Other significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and machinery park facilities used in the enterprise. The relatively new technologies being used in enterprises in The Poviat of Świdwiński show it in a favourable light. Nearly 62% of companies use modern technological lines purchased in 2008/2009 or within five years. Only 8.5% of companies use technological lines purchased before 2004. In terms of modernity procuring data are as follows:

- machines and modern devices – purchased in 2008/2009 – 27.1% of companies,
- machinery and equipment used from 3 to 6 years – 42.9% of companies,
- machinery and equipment used from 7 to 10 years – 5.7% of companies,
- machinery and equipment used over ten years – 1.4% of companies.

From the presented data emerges a picture of companies that keep pace with the challenges of the market, by adjusting their solutions to modern requirements. However, the fact that 22.9% of the respondents could not specify the technological state of the machinery used in their company raises the concern that they did not want to admit to using in their companies outdated and old solutions which are generally disapproved of. This category cannot be firmly associated with the companies using the machinery and equipment older than 10 year. However, it can be assumed that a significant proportion of them are just such company.

B. Market dimension of business – binding undertakings with their surrounding

The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Świdwiński the choice of location for their activity was determined by: the residence of the owner – 38.0%, the opinion that The Poviat of Świdwiński is a good location – 26.0%, the availability of cheap labour – 14.7%, the availability of markets – 13.3% and the availability of supply – 4.0%.

The predominant importance of subjective reasons for locating a business in the district (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very

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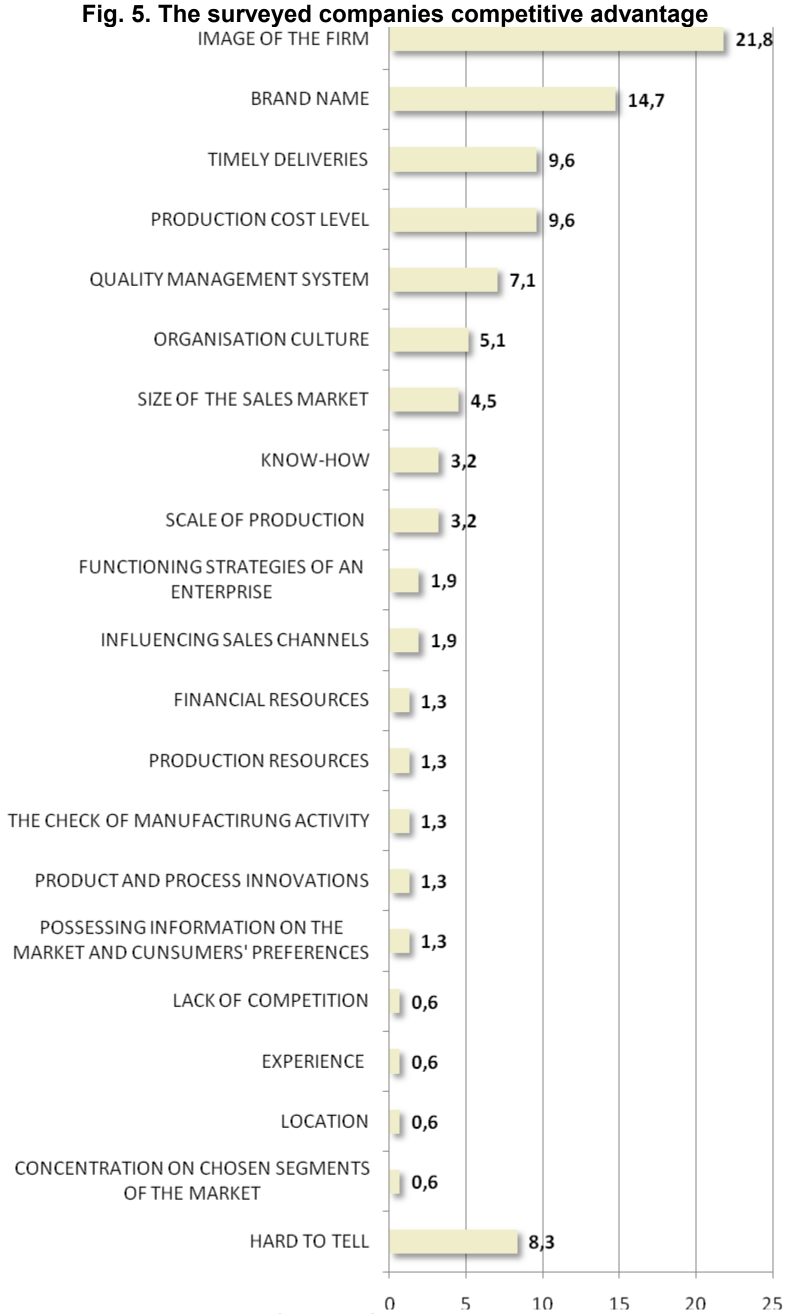
important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market.

The presented data show that companies in the Świdwiński knowingly or unknowingly apply a strategy for building a quality advantage, that is, they seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality (fig. 5).

Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

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Some issue emerging from the answers of the surveyed was the inability to define the notion of competitive edge of a company (8.3%), even if this inability was displayed by employees, it is worrying that they do not have the knowledge of key topics for the company and its further development – as indeed gaining a competitive edge in some field allows the company to strengthen its position.

Most of the surveyed companies estimate their level of competitiveness as that of a local competitiveness – 48.1%. In the opinion of the respondents there are15.6% of companies with competitiveness on the Poviat level, and the same respondents feel competitive in relation to the entire country. The level of European competitiveness – as felt by the researched – is rather meagre – only 3.9% of respondents believe that they are competitive markets in the European Union. Thus, the main competitors of the companies in The Poviat of Świdwiński are other local companies – 83.1%, and companies from Western Europe are seen as a potential competitor by 7.0% of the respondents.

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses.

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- heavy bureaucracy – 16.1%,
- inadequate domestic demand – 12.4%,
- a poorly developed infrastructure – 10.2%
- strong domestic and foreign competition – 8.8%,
- uncertainty overall economic situation – 8.0%,
- insufficient foreign market demand – 7.3%
- no concept of development for cities/municipalities – 5.1%
- high load on the budget – 4.4%,
- unclear and inconsistent legislation – 2,9%
- the development of 'grey market' – 2.2%.

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications):

- difficulties in accessing funds necessary to operate – 5.1%,
- the lack of professional staff – 4.4%.

Note the opinion of the respondents to the importance of constraints on their operation causes by the functioning of public institutions – they felt particularly affected by the heavy bureaucracy, no concept of development for cities/municipalities, high load on the budget and unclear and inconsistent legislation. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, with the frequent problems created by the State and its institutions.

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. Worrying is the fact that respondents in 29.8% have indicated that they do not take any concrete action in a crisis. This is a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

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Other often undertaken efforts to overcome the crisis in the companies of the Poviat of Świdwiński are: reducing investment expenditure – 17.3%, or in general cessation of investment – 16.3%, the decrease in the level of employment – 10.3%, sending employees to payless vacations – 6.7%, the reduction in wages – 4.8% and the reorganisation of the establishment – 3.8%. This means that to a great extent, the reaction to crises is restricting an aspect of activity, which is a passive strategy. Only 2.0% of surveyed mentioned taking active steps to overcome a crisis – in this case, through the search for new clients and additional investments.

Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 50.7% of the surveyed conclude that the situation of the company during the last 6 months has not changed, by 23.9% deteriorated, but according to 19.7% improved, and by 2.8% of respondents significantly improved.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for the item and service – 62.5%
- increase in prices of materials and raw materials – 25.0%
- increase in fuel prices and energy – 4.2%
- change in terms of crediting – 4.2%
- economic crisis – 4.2%

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 82.4%,
- decrease in prices of materials and raw materials – 5.9%
- re-organisation and corporate restructuring – 5.9%.

From the received answers one can draw a strongly ambiguous situation – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in the economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

It is generally known that the companies function in a particular external environment – a socio-economic surrounding, whose quality affects the functioning of companies. By 47.9% of the surveyed the economic situation in the region during the last 6 months has not changed, by 43.7% deteriorated and by 5.6% of the surveyed it improved. Respondents forecast how the economic situation in Zachodnipomorskie voivodship will change over the next 6 months. The results allow moderate optimism, negative scenarios predicting a deteriorating economic situation in Zachodniopomorskie voivodship were expressed by 18.3%, and 42.3% thought that the situation in the projected period would not change, 19.7% of the surveyed believes that it will improve. The ratio of pessimists and optimists clearly changed in comparison to the assessment of the situation in the past.

Academically interesting is the attempt to observe the pace of changes in demand for services/products offered by the company in respect to the same period last year. The increase in the level of demand was mentioned by 17.4% of the surveyed, and the reduction by 29.0%,

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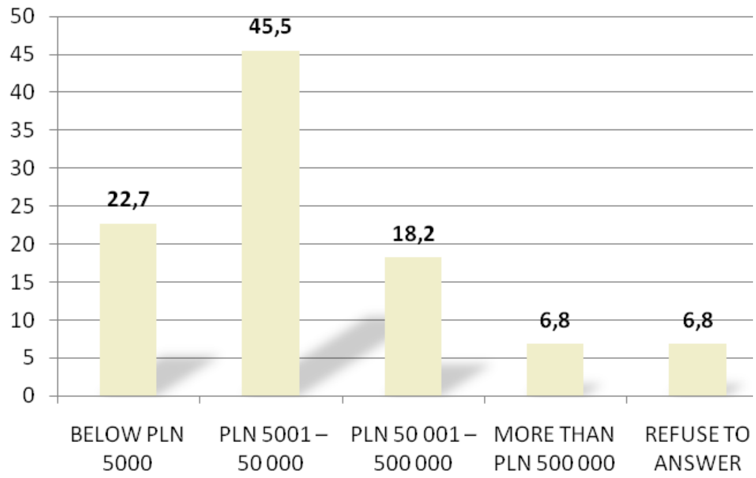
and the most numerous group cannot see any changes in the volume of demand – 46.4%. The investigated forecast changes in the demand for services and products in the context of the same period next year. The obtained distribution of variable points to the change of the situation, although still most (42.3%) considers that the volume of demand does not change, but an increasing number of replies indicate that the demand should rise (32.4%), in turn, there are considerably fewer persons awaiting the decline of it – 7.0%.

One of the major factors determining the development potential of companies is the level of investment. At 31.0% of companies there were not at all any investment instruments, but the companies of the Poviat of Świdwiński which do invest usually choose the following goods – ranked by the multiplicity of indications:

- equipment (furniture, appliances) – 39.1%,
- buildings, land – 16.1%,
- vehicles – 13.8%.

Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). Most respondents (45.5%) pointed out that the expenses incurred were in the bracket of PLN 5 000 to PLN 50 000, next groups of respondents declare increasingly lower amounts – 22.7% of the surveyed companies within the last 6 months invested in the development of their company less than PLN 5000. Without doubt, this suggests a small scale of their operations, and its sector specificity – the firms involved in minor services mostly do not require costly equipment.

Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

The respondents also forecast possible investments in the course of the next six months. Resulting data (only declaratory) indicate a reduction in the level of investment. Most – 51.4% of the surveyed did not intend to take action, 12.9% did not know whether to invest and only 35.7% of respondents declares that the company plans to make expenditure for the

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purchase, lease (leasing) or refurbishment of the vehicle(s), equipment, real estate (buildings, land).

On the basis of subjective experience respondents also made a forecast for the situation regarding their own company for the next 3 years. This time the results were what follows: 21.1% believes that their company will be similar to the present, pessimistic scenarios that the company will be worse than at present – 4.2%, while 5.6% of surveyed believes that their company will fail in liquidation. The biggest group sees the future optimistically – 31.0% believing that it will be better than today. Unfortunately, it seems that this is unjustifiable optimism now when nearly half of companies have not invested in their development so far, and more than half did not intend to take action in the future, hence such positive estimate of one's own future position on the market can give rise to some reservations. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and in relation to the local or regional development. The benefits of adequately realised investments are obvious and usually mean strengthening the position of the company in the market. No investment always results in stagnation and being pushed out from the market. It should also be noted that most respondents refused to clearly assess the future by selecting the reply – 'difficult to say' (38%).

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel. The following information shows that companies operating in the region discussed mostly do not have economic ties within local or global networks. The overwhelming majority – 92.2% of the surveyed companies do not co-operate with other entities. Only 2.9% of companies realize economic relations on the basis of subcontracting and in the form of interoperability based on joint venture. The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in term of intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more worth than the sum of their potential concerned separately. The situation, however, appears to be more adverse, because the entrepreneurs from The Poviat of Świdwiński when asked to mention specific operators with which they co-operate, in 70% of cases, declare that they do not work with any other operator, just 10% of them have such contacts with other firms, 6.3% co-operates with consultancy companies, with educational and local government administration 3.8% each, and from NGOs and Government 2.5% each. At the very end there are innovation centres – 1.3%.

In addition, the potential of the companies from the Poviat is distorted owing to the low use of support from public institutions. The vast majority – 70.1% of the respondents declare that they do not use any available forms of support, 14.3% of companies benefited from the increase of employment in the company, 5.2% of the researched from funding for setting up a business, but additional funding to tax levies, and on training and courses for employees 3, 9% each. As these data relate to the three previous years, their negative values are especially worrying. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. A partial answer to this question is the statement that 25.5% of the surveyed cannot indicate any form of support from the units of local self-government, which could help the company's activities. Among the

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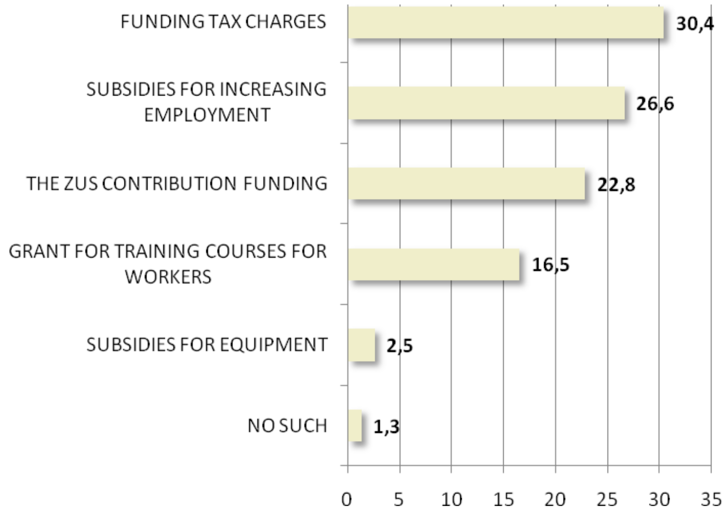
respondents who preferred some forms of support, most (30.4%) expected tax levies subsidies (fig. 7).

Fig. 7. The desirable forms of support from the units of local self-government



Source: *Own research.*

The extent of economic exchange

Exchange enterprise conducted by members of the trade in the discussed Poviat is limited spacewise 73.2% of the surveyed companies did not have any international exchange experience, 16.9% of them had some goods or services export experience and 9.9% of the respondents had both export and import of goods or services experience. It should be noted that exporters significantly outnumbered others and that there is a complete lack of companies that only import goods or services. Companies, if export their products, they do it mainly to: Germany (28.2%), the United Kingdom (17.9%), and other EU countries (15.4%). Interestingly, there are in this group such countries like: Italy, France (7.7% each), Holland and Russia (5.1% indications each). The figures clearly show that the countries from the European Union are the main recipients of goods and services produced by Świdwiński Poviat. 68.4% of the respondents expect that over the next 6 months exports will remains unchanged, with 15.8% expecting a fall and 15.8 forecasting a rise in exports.

Innovation in enterprises

The innovation activity of businesses in the area of Świdwiński Poviat is low. Only 16.9% of companies declare that in the period of 2007-2009 applied some innovations, the remaining 83.1% did not take any innovative activities. In respect of the companies which applied some form of innovation, the source of their innovation was: (listed due to the declining number of indications):

- purchase technology,
- introducing innovation by partner/ co-owner,
- copying ideas and solutions from competition
- purchase of research results prepared by R&D institutes.

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This means that the companies in the region do not have their own resources to develop their own innovations. Therefore, there is no company which would take the role of the leader in introducing the new solutions.

The sampled group by and large cannot determine what the main reason for such minimal applying of innovation is (47.1%), but about 20% say that it is because of the inability to finance innovative businesses and too large risks associated with the implementation of innovation. Representatives of companies draw attention to the lack of potential interest in new products/services from client – 8.6%.

Activating entrepreneurs to take innovative actions is more likely to succeed in the context of co-operation with other entities. However, the majority of respondents (53.1%) do not have any expectations as regards the facilities and their collaboration with others to apply innovations. The remainder of the surveyed suggest that some low-level activities should be put into practice such as creating programmes to promote technological development at the level of municipalities and improving the quality and the degree of tender suitability in units B+R for the needs of enterprises. It is additionally noted that among the surveyed companies, there are units which are difficult to recognize as fully equipped to operate in a modern society. In highly developed economies using the Internet is a standard, but it is still not met by 11.3% of the companies of The Poviat of Świdwiński – they do not have their own website, nor do they enjoy various types of search engines and Web browsers or e-mail.

The mobilization and use of funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The picture which emerges from the analysis of the situation is rather pessimistic. Unfortunately, 75.6% of the surveyed companies in The Poviat of Świdwiński have never used EU structural funds. The remainder admits to having used the funds primarily for the development of technical infrastructure – 10.3% and to increase employment – 7.7%.

Such a low level of the use of funds is not caused by a lack of knowledge needed in this regard, neither by the poor access to information on raising EU funds (this was only 8.7% of cases), but primarily by the lack of interest in this type of proposals – 36.2%. On the other hand, the entrepreneurs who use EU grants defined the barriers limiting their effective mobilising of the resources (the following factors are organized by declining importance):

- bureaucracy and ambiguity of EU request forms – 46.5%
- the necessity of own contribution – 19.7%,
- limited access to information about programs – 28.2%,
- short term preparation – 18.3%,
- the cost of preparing an application – 8.5%.

As it is clearly seen then, that the so far experience in raising funds from the European Union by the entrepreneurs in The Poviat of Świdwiński is not very positive. A significant proportion of the companies really has no experience in this respect, however, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their

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own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties in going through the application formalities – from the positive assessment of the investment project to the moment of receiving the refunds of expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of The Poviat of Świdwiński in the period of 2004-2008, allows to underline these areas of social activity which may influence the situation of entrepreneurs in the district, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

- the slow decline of population caused by the drainage of population from the Poviat;
- changes in the population age structure – permanently decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over
- the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

- the increment of the rate of the number of working for 1000 people, which can suggest greater employing propensity of firms,
- the growth in average monthly gross salaries,
- a systematic decline in the number of unemployed people, however, the unemployment rate in 2008 in the Poviat was one of the highest in the voivodship (17-th place),
- deficit professions in 2008 were only those from such profession groups like: auxiliary workers in agriculture, money market and customer service, employees at work in trade and services, office support staff and executives of small and medium-sized factories. The highest surplus appeared in the case of such groups as: farmers and fishermen working for their own needs, vocational teachers and instructors.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential. However, there were clear indications of the economic upturn, evident from the analysed economic indicators like:

- growth in the number of economic subjects, including commercial companies which are so important for the economic development,
- the increase of the industrial production sold,
- the increase of the Poviat's participation in creating administrative value sold,
- the increase of investments in companies (by up to 13.0%),
- higher than in 2004, the gross value of fixed assets,
- the income and expenditure budgets of the Poviat per capita which gave the Poviat of Świdwiński the 3-rd place among the Poviats of earthly in the voivodship.

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Another conclusion from this analysis is that the development of entrepreneurship in the district will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristic of companies located in the Poviat of Świdwiński, and developed on the basis of our own research allows to indicate some characteristic features for this group. The surveyed firms are engaged primarily in service sectors, however, with a significant share of production ventures. As for the structure of the companies, the commonest being microenterprises, registered in the form of natural person businesses. Young enterprises, created during the global downturn, whose activities are centred on the local market, seem to have a significant proportion in the structure of the surveyed companies. What is important for the characteristics of the surveyed companies is the observation that in case of ventures operating beyond the borders of our country, the firms' commonest activity is the export of their products and services.

A large potential of labour, deposited in employers, is constituted by people with primary education or no education. In addition, during the year there was a significant decrease in the dynamics of salary increment, which had an impact on lives of workers, but also on the competitiveness of local entrepreneurs in the labour market – it will be difficult to acquire or retain skilled labour.

The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail. However, among the companies that did have some personnel traffic, these increasing employment are in the majority. Moreover, the expectations for the future are optimistic because more companies expect an increase in employment rather than its reduction. In addition, it should be noted that the employer's requirements regarding the employees' qualifications are not very high, most vacancies are positions related to the performance of simple, unskilled jobs.

The conclusion that can be drawn from the received answers is that business activity is impeded primarily by different formal barriers (too heavy bureaucracy, no concept for the development of a city/municipality), and structural barriers (poorly developed infrastructure). Finally, there are market factors such as insufficient demand on the domestic market, strong domestic and foreign competition and uncertainty about the economic situation. However, a significant proportion of indications on the factors which directly or indirectly related to the functioning of public institutions gives a picture of the capabilities and areas of possible changes or interventions by local authorities. In addition, positive examples of support obtained from public institutions occur infrequently – and most of them concerning the promotion of employment, which in the case of many very small firms not employing any workers causes them to feel excluded from the eligibility for support. It seems that for most companies the State (and its different institutions) does not have any interesting offers (or at least they are not generally known to public) to support business enterprising.

However, it should be also noted that entrepreneurs are not very active in seeking additional opportunities related to supporting the development of the company – whether through public aid, or by linking capabilities with others. Generally the company focus is primarily on consolidating its place on the market. Co-operation and partnership with other enterprises or public institutions is rather limited.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the

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consequences of small financial resources available to most of the surveyed companies is a small share of innovative solutions used in businesses.

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate to much different rules from those of small and medium companies;
2) a series of institutional and procedural barriers need removing in the process of setting up and running a business both at national and local levels;
3) exporting companies should be given a special attention; from the standpoint of the local economy, companies exporting goods and services are particularly valuable, but they often face many formal barriers (taxes, no required financial guarantees);
4) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
5) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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8. The Poviat of Wałecki

Introduction

Territorial Division

The Poviat of Wałecki is situated in the south east of the Zachodniopomorskie voivodship. It borders with neighbouring Poviats: Choszczeński, Drawski, Szczecinecki and voivodships: Lubuskie and Wielkopolskie. In 2008 it covers the area of 1415 sq. km, which accounts for 6.2% of the area of the whole voivodship, and has the population of 54.3 thousand which is 3.2% of the whole voivodship population. With these figures the Poviat of Wałecki ranks on the 6-th and 11-th place respectively in the whole voivodship.

The Poviat consists of four communes: an urban Wałcz commune, an urban-rural Człopa, Mirosławiec and Tuczno communes, and rural Wałcz commune. The rural area ratio, indicating the percentage of rural areas to the total area of the Poviat in 2008 was 96.0% and put this Poviat on the 9-th place in the voivodship. Respectively the urban area ratio was on the level of 4.0% which meant the 9-th place in the voivodship.

In the whole Poviat there are 124 towns and villages with the proportion of 120 villages and four towns: Człopa, Mirosławiec, Tuczno and Wałcz, which is th capital of the Poviat. Wałcz and its surroundings, with numerous forests and lakes covering a significant area of the poviat, have remained their natural nature, which determines the character of the Poviat's development to be related to tourism and agriculture[32]

Fig. 1. Administrative borders of the Poviat of Wałecki
(the state for 1.01.2009)

Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect

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[32] *The Strategy for Socio-Economic Development of the Poviat of Wałecki by 2010*, Wałcz, 2001.

to all entrepreneurs taking part in the research. In the analysed population, the gender regression is somewhat asymmetrical: 57.6% of women and 42.4% of men. The next variable was the age of the respondents – the analysed population indicates the preponderance of people aged 46-55 – 30.3% of the whole population, and the second group of respondents are, people aged 36-45 – 22.7%. With regard to all respondents, most of them had a secondary education – 37.9%, and tertiary education – 36.4%, a vocational education – 24.2%, and primary education – 1.5%. The last variable is the job or post they hold. Thus there were 68.2% of firm owners, 9.1% of HR workers, 3% of financial directors, and 16.7% of people responsible for talks in the company.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 The Poviat of Wałecki population decreased by 1.2%. According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

The Poviat of Wałecki belongs to very sparsely populated areas, the average population density rate in 2008 was 38 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level.

In 2008 The Poviat of Wałecki all city population was 32.9 thousand people, which in turn determined the urban demographic rate on the level of 60.6%, being lower than the average rate for the rest of the Poviats in the voivodship (68.8%). In the light of the aforementioned data, The Poviat of Wałecki seems to be a region of medium urban demographic rate, which is a negative factor. Numerous observations prove that the development of a region depends significantly on high urban demographic rates, and the higher the rate the bigger the potential for the region to develop. It is the cities of the region that are the development centres, and it is the same cities that bring potential investors.

Tab. 1. Some demographic features in The Poviat of Wałecki in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	54947	54615	54309
Urban demographic rate	60,8	60,7	60,6
Rural demographic rate	39,2	39,3	39,4
Population density per 1 km^2	39	39	38

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological and economic age groups (0-14, 15-64, and 65-plus). This division shows the

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degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 1.1 thousand, and its general ratio to the total population of the region fell from 18.6% to 16.8%. In the next age group, i.e. age 15-64, there was an increase from 38.8 thousand to 39.2 thousand in the respective years. However, the ratio of this group to the total population increased from 70.6% to 72.2%. The last age group population, i.e. age 65-plus increased by 1.3% and its ratio to the total population went up from 10.7% to 11.0%. These demographic tendencies seem to be similar to those observed in the whole country. They are caused by the generally observed fall in the number of children being born each year, as well as the increasing life expectancy. The increasing number of people aged over 65 and the increasing ratio of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the Poviat of Wałecki the percentage of people in the pre-productive age group was 21.2% (in the voivodship – 19.1%), in the productive age group – 65.3% (65.9% in the voivodship) and in the post-productive age group – 13.6% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the productive age group (by 1.2%) and post-productive age group (by 1.1%), and a simultaneous decrease in the pre-productive age group (by 2.2%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in The Poviat of Wałecki 595 new children were born, which accounted for a 3.3% increase to the year 2004. For each 1000 people in the Poviat in 2008 there were 10.8 live births (10.8 in the voivodship) and 10.3 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

The next factor having an influence on the future demographic processes is the death rate in a given area. In the years 2004-2008 in the Poviat in question there was an increase of the death rate by 5.9%. For each 1000 inhabitants in 2008 there were 9.5 deaths (9.7 in the voivodship), and only 8.9 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Wałecki in all the years in question amounted to over 50%.

The population growth, based on the number of live births and the number of deaths in the Poviat of Wałecki in 2008 was positive (73 people) and compared to that from 2004 had decreased. After conversion for each 1000 people, the growth ratio was on the level of 1.3 (1.1 in the voivodship), whereas in 2004 it had value of 1.5.

Tab. 2. Natural migration of people in the Poviat of Wałecki in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	10,3	10,3	10,8
Total death rate for 1000 people	8,9	9,5	9,5
Natural growth rate for 1000 people	1,5	0,8	1,3

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the Poviat of Wałecki

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in 2008 the total migration rate was negative and amounted to -271 people, which was caused by the outflow of people to other Poviats in the voivodship or going abroad. For each 1000 people in the Poviat the migration rate was negative (-5.0 people), and was higher than in the voivodship (-0.8 people).

The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures (they are sorted out according to territorial division, down to the Poviat and commune levels). These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In The Poviat of Wałecki in 2007 there were 8.4 thousand people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 6.4%. In the analysed period there was a significantly bigger increase in the employment of men (by about 10.0%).

For each 1000 people in 2007 there were 154 people employed in the firms with nine and more workers (with the average rate for the Zachodniopomorskie voivodship – 193), which ranked the Poviat on the 12-th place in the voivodship. The analysis of the employment rate shows its growth compared to 2004 (the growth dynamism was smaller than in the voivodship).

Tab. 3. Workers and salary in The Poviat of Wałecki in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	7863	8104	8365	106,4
men	4061	4298	4468	110,0
women	3802	3806	3897	102,5
Workers together with individual agriculture	8944	9185	9446	105,6
in% of the agricultural sector	16,5	16,1	16,0	97,1
industrial	36,3	35,4	34,8	96,1
supporting	47,2	48,4	49,1	104,0
Average monthly gross salary of PLN	1945,07	2131,65	2383,47	122,5

Source: *Own analysis based on the data from the Central Statistical Office.*

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Poviat of Wałecki in 2007 the number of people employed was 9.4 thousand. The employment structure by economic

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sectors shows that 16.0% of the employed worked in agriculture (11.8% in the voivodship), 34.8% in industry and 49.1% in services. Since 2004 the employment in the service sector slightly increased, and it did so at the expense of the agriculture sector (a smaller drop) and in industry (a bigger drop).

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate was PLN 2383.47 and it was more than in 2004 by about 22.5% (for the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by about PLN 232.00). With respect to the pay rate, the Poviat was on the 8-th place in the Zachodniopomorskie voivodship.

In the Poviat of Wałecki, similar to other Poviats, the unemployment problem on the job market is a pressing social and economic issue. In 2008 there were 2755 people unemployed (in which women made up to 66% – the highest percentage in the voivodship). Since the beginning of the analysed period the number of unemployed dropped by 58.5% (54.8% in the voivodship), and the drop referred mainly to male workers. 51.4% of the unemployed lived in the countryside and the tendency of high unemployment rate there seems to be on the increase – the percentage of unemployed people living in villages was higher than in 2004.

The registered unemployment rate in the Poviat in 2008 was 16.2% (with the average for the voivodship 13.4%) and put the Poviat on the 10-th place in the Zachodniopomorskie voivodship. By comparison to 2004 it was on the decrease.

Since the beginning of the analysed period there was a slight decrease of the unemployed not entitled to state welfare money (by 0.5%, whereas in the voivodship by 5.0%). Nevertheless, the size of this group with relation to all unemployed is still worryingly big – in 2008 it was 78.7% (79.2% in the voivodship). In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 5.7%), and a decrease in all other age groups (the biggest in the 35-44 age group and below 25 age group). There were also more unemployed people with a general secondary, university education, post-secondary and secondary vocational education and fewer unemployed with a vocational education, gymnasium education and primary education.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and the job postings made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

The deficit jobs in 2008 in The Poviat of Wałecki were only found in such big professional groups as: auxiliary workers in mining, industry, construction, employees at work in trade and services, money market and customer service, office support staff and machinery operators and assemblers. There was a balance in the group of the big organisation managers. Apart from the groups mentioned above (with deficit jobs), other groups were unbalanced with surplus jobs. The surplus intensity rate was the least favourable for groups: fine mechanics, ceramics and printing, farmers and fishermen working for their own needs, and executives of small and medium-sized factories. In comparison to 2004 the average surplus intensity rate hardly increased, which means only a small improvement for the unemployed on the job market.

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Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In The Poviat of Wałecki in 2008 in the REGON register there were 5.8 thousand firms and businesses which accounted for only 2.7% of all businesses in the voivodship. Compared to 2004 the number in the region decreased by 0.1% (with the increase by 5.5% in the voivodship). From among all businesses operating in the area in 2008 over 97% came from the private sector.

Considering the competitiveness of The Poviat of Wałecki with regard to the business saturation, it ranks on the 8-th place in the voivodship. On average, the Poviat has 107.2 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Wałecki is quite well developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in The Poviat of Wałecki in 2004, 2006 and 2008

SPECIFICATION		2004	2006	2008
All economic subjects		5830	6080	5822
for 1000 people		106,1	111,3	107,2
by economic sectors in %	agriculture	5,3	5,2	5,2
	industry	16,8	18,1	20,2
	services	77,9	76,7	74,6

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 96% of all businesses operating in the Poviat, with small businesses employing from 10 to 49 workers being 2.9%, and average businesses only 0.7%. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro, small and average businesses in the Poviat decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat of Wałecki was represented by natural persons running their own businesses (81%), with the next place going to trade companies with 3.5%, associations and social organisations with 2.1%, co-operatives with 0.5%, and foundations with 0.1%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 37.4.0 trading companies for 10000 people in the Poviat giving it the 14-th place in the voivodship (together with the Poviat of Choszczeński). Compared to 2004, the number increased by 6.3%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 54 such companies in the region, which, when set against 10000 people, gave 9.9 units. Companies with foreign capital

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accounted for 26.6% of all trading companies in the Poviat, and their number compared to 2004 increased by 12.5%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in The Poviat of Wałecki the firms from the service sector were the most numerous with the number of 4.3 thousand they accounted for 74.6% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 66.8% of all businesses in the Poviat, and non-market services by 7.9% of firms. The percentage of firms from the industrial sector was 20.0%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails on average more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.3 thousand, which was only 5.2% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that over 58% of the firms in the region in 2008 came from three sectors: trading and repairing, services for housing and firms, and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[33] In 2008 in the Poviat of Wałecki REGON register 422 new firms were registered, which gave 7.8 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: building 25.8%, trade and repairing sector 24.4%, services for housing and firms 14.2%, which is recently a generally observed tendency in the whole country.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in The Poviat of Wałecki in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	304	421	422
for 1000 people	5,5	7,7	7,8
All checked out firms	303	358	409
for 1000 people	5,5	6,6	7,5

Source: *Own analysis based on the data from the Central Statistical Office.*

In 2008 in The Poviat of Wałecki 409 firms were crossed out from the register. For 1000 people it gave 7.5 units (9.6 in the voivodship). Considering the sections from the Polish

[33] *The Report on the condition of small and average firms in Poland in 2006-2007*. Prepared by Polish Business Development Agency, Warsaw 2007.

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Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, services for housing and firms, and building sector. However, it should be stressed that more firms were registered than checked out.

Using the shift-share analysis, the level of competitiveness of The Poviat of Wałecki can be assessed. The level is referenced to the Zachodniopomorskie voivodship with respect to the number of national economy subjects according to the PKD classification code. Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). Negative indicator KO (competitiveness area) indicates the low competitiveness of the Poviat .The general (PC) shift is negative, which suggests negative tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In The Poviat of Wałecki in 2007 it was worth PLN 621.5 million and it was 2.7% of the total production sold in the voivodship. Compared to 2004 there was an increase in the production sold in the Poviat by PLN 99.6 million, and thereby the Poviat's contribution to the production sold in the voivodship also increased.

The industrial production sold for one person in the Poviat was in 2007 PLN 11390.00 (with the average for the voivodship PLN 13447.00). That gave the Poviat the 7-th place in the Zachodniopomorskie voivodship. The leading areas in industrial activity were the following Poviats: Goleniowski, Policki and Szczecinecki.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than 9 persons in the Poviat of Wałecki in 2007 amounted to PLN 75.3 million and were higher than those incurred in 2004 by about 97.1%.

The highest expenditures were incurred in the industrial sector, then in services (primarily in the market services) and agricultural sector. Since 2004 the expenditure incurred in industrial sector increased, while in the agriculture and services – decreased. The volume of investments per capita equals to PLN 1373, and was lower than the average in the province and put Wałecki on the 11-th place among other Poviats of the Zachodniopomorskie voivodship.

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Tab. 6. Investment and gross fixed assets in The Poviat of Wałecki in 2004, 2006, 2007

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	38,2	69,5	75,3	197,1
in % agricultural sector:	17,3	10,9	12,1	69,9
industrial	53,3	68,6	72,6	136,2
market services	29,1	19,9	13,6	46,7
non-market services	0,3	0,6	1,7	566,7
per capita in PLN	696	1273	1373	197,3
The gross value of the asset in million PLN	827,9	868,7	872,3	105,4
in % agricultural sector:	7,1	6,7	7,3	102,8
industrial	70,5	71,0	70,5	100,0
market services	17,1	17,1	16,9	98,8
non-market services	5,3	5,2	5,3	100,0
Per capita in PLN	15068	15906	16034	106,4

Source: *Own analysis based on the data from the Central Statistical Office.*

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the district was PLN 872.3 million and was higher than in 2004 by 5.4%. The highest gross fixed assets were recorded in the industrial sector, then in services (primarily in the market services) and agricultural sector. Compared with 2004, the capital expenditure on agriculture increased, in services sector slightly decreased and in the industrial remained unchanged. According to the gross worth of fixed assets per capita in 2007, Wałecki Poviat was on the 9-th place in the voivodship.

The budgets of territorial administrative units

The opportunities for funding activities in the district can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units (both the Poviat and its municipalities).

In 2008, Wałecki received for the execution of its tasks, 38.1 million PLN (about 61.7% more than at the beginning of the investigation period). It was PLN 701.22 per capita, which was the least among the Poviats of earthly. The expenditures amounted to PLN 38.6 million of which investment expenditure property constituted 11.0% (16.7% in the voivodship). The growth of expenditure in the Poviat (compared with 2004) was higher than the revenues. Spending per capita placed the Poviat on the last place among the Poviats of earthly.

The budgets of communes in Wałecki Poviat in 2008 drew the joint income equalling to PLN 134.6 million and the amount of income per capita placed the Poviat on the 15-th place in the province. Municipalities issued PLN 128.7 million, in which property investments accounted for an average of 16.6% of the total expenditure budgets of these communes. Compared with 2004, the expenditure of municipalities increased at the same pace as their revenue.

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Tab. 7. Revenue and expenditure of the Poviat budget and the budgets of municipalities within The Poviat of Wałecki in 2004, 2006 and 2008 in PLN

SPECIFICATION	2004	2006	2008	2004=100
Poviat budget revenue	23562028,00	27401664,75	38092285,53	161,7
per capita	429,06	501,50	701,22	163,4
Poviat budget expenditure	22972798,00	27656248,22	38643458,73	168,2
per capita	418,33	506,16	711,36	170,0
Revenue of municipalities' budgets	89011159,00	111468314,41	134562476,65	151,2
per capita	1620,86	2040,09	2477,08	152,8
Expenditure of municipalities' budgets	85017010,00	108012272,06	128747411,83	151,4
per capita	1548,13	1976,83	2370,04	153,1

Source: *Own analysis based on the data from the Central Statistical Office.*

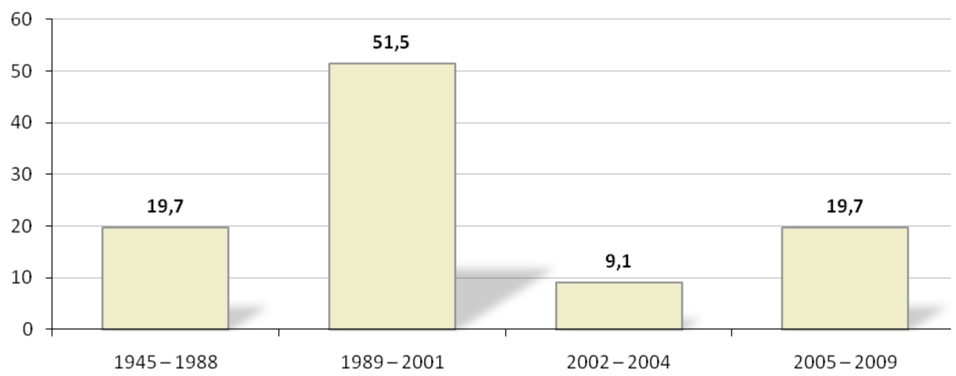
Own research results

A. The State and structure of the economic activity of the companies surveyed

Entrepreneurs and their companies – characteristics of the business

Nearly one fifth of the operators registered in the Poviat of Wałecki commenced their activity before 1989 (fig. 2). However, the largest growth of start-up companies occurred during 1989-2001, when it reached 51.5% of the enterprises. In the years 2002-2004 there was a clear fall in the number of newly registered companies, only 9, 1% of companies. In the last five years (2005-2009) a rising trend seems to be coming back – in the Poviat of Wałecki 19.7% of the surveyed firms were created at the time. Presented data are companies which still operate on the market, and do not show absolute increment in the number of companies – evidently at the same time a number of companies closed down. In principle it should be noted that companies existing in the Poviat are mainly those which have already had some business experience and they started their activity at the time of introducing to Poland free market economy, more than 70% have been operating for more than 8 years.

Fig. 2. The year of founding a company



Source: *Own research.*

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With regard to the companies in the Poviat, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 78.8% of all companies investigated, then come small companies – 7.6%, the average – 6.1% and the large companies were represented by 7.6%. Next, regarding the type of activities, single enterprises prevail – 74.2% and the remaining (25.8%) goes to co-partnership companies (of which 16.7% limited liability partnerships, civil associations – 6.1%, particular partnerships – 1.5%). So significant predominance of single operators may indicate a trend of changes on the local labour market – away from employment, towards self-employment. In addition, undertaking any activities by individuals not having a legal status, enables relatively quick adapting to local and regional changeable realities of the market, and it requires relatively low start-up funds and allows to achieve the profit which wholly belongs to the owner, who pay total liability for their enterprises.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), shows (a characteristic for the whole country) the predominance of companies supporting services market conducted in various industries – both as construction services, trade and services, real estate, hire and services for business; and companies of manufacturing profile (industrial processing).

Accurate data illustrating the division of companies by the Code of Activities (PKD) in respect of the Poviat of Wałecki are as follows:

- commercial sector – 22.7%
- industrial processing sector – 19.7%
- services sector – 16.7%
- construction sector – 10.6%
- real estate sector, renting and business services sector – 7.6%
- hotels and restaurants sector – 6.1%
- transport, storing, and communication sector – 4.5%
- companies from financial intermediation – 3.0%
- protection of health and social welfare sector – 3.0%
- production and distribution of electricity, gas, and water sector – 3.0%
- agriculture, hunting and forestry sectors – 3.0%

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and well educated staff is the key issue in this respect. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience goes education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows a relatively similar distribution of abundance for people with secondary education – 37.7% and vocational – 30.2%. The recruitment of people with higher education by companies was 27.4%. In addition, in enterprises of the region the employment rates are: 1.9% people with primary education and 0.9% with gymnasium education and 0.9% without education, and employees without qualifications in enterprises account for 3.7%.

Personnel traffic is an important indicator for the characteristics of the firms. This is a complex process, with the most salient elements (apart from vertical and horizontal movement

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within the company), employing rates, job leaving rates and dismissing rates. In 2008 in the case of 7.6% of companies employment rates went down and in the same percentage of companies employment increased. In the biggest group of companies (84.4%) there was no personnel traffic.

The main causes of a reduction in the number of workers were:

- the issues of external problem with
  - the disposal of products and services – 28.6%,
- internal issues:
  - retirement of workers – 28.6%,
  - dismissing employees on their own request – 14.3%
  - the lack of workers' diligence – 14.3%.

In turn, the increase of employment in the company was due to the increasing demand for the products or services – 66.7%, or the extension of the scope of business activities – 33.3%.

These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment. Apart from the objective, natural factors for traffic personnel another purpose for such moves can be striving for better adaptability of the companies to the permanently changeable socio-economic environmental conditions. It is worth stressing that a large personnel fluctuation is not a factor favourable to business efficiency and indeed has negative consequences for companies.

The declarative dynamism in employment within the next three months, and the nearest year is optimistic because only 4.5% (in 3 months) and 3.0% (in 12 months) of the surveyed plan to reduce the number of employees (mainly workers – this is a likely effect of seasonal employment in such auxiliary jobs). As for the declarations on keeping employment on the same level there is a clear difference in tendencies. In relatively short 3-month forecasts 77.3% declared keeping employment on the same level, whereas in 12-month forecasts the figure was only 53%. The cause of such a huge diversity of responses may be an unstable economic situation on the market and the inability to anticipate trends in employment. This could also explain the increase of the percentage of people completely not able to specify expected changes in employment in the perspective of the next three months – 1.5% of the respondents not being able to predict the dynamics of employment, but in the context of 12 months as many as 34.8% (an increase by more than 30%). 16.7% of the surveyed declare an increase of employment during the 3 months and 9.1% in 12 months (fig. 3).

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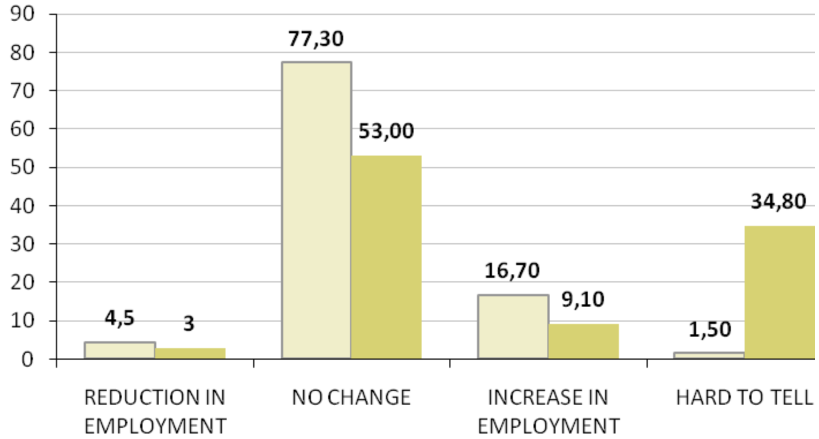
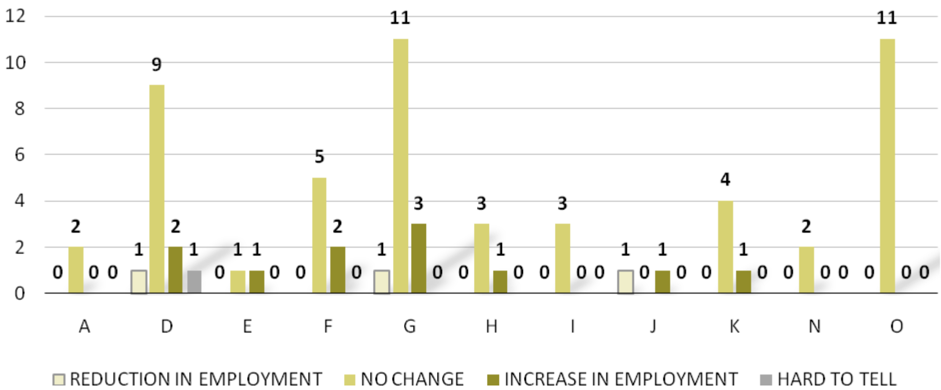
Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates (fig. 4). The reduction in employment is expected only in sections: D – industrial processing, G – wholesale and retail trade; repair of vehicles, motorcycles, and personal and household goods, J – financial intermediation. A waiting attitude is dominant among the respondents, which manifests in their: 'hard to tell' and 'no change in employment' answers.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

However, it should be noted that there are more companies which expected a future increase in employment than those expressing an opposite view. The biggest group expecting the growth in employment came from section G – wholesale and retail trade; repair of vehicles, motorcycles, and personal and household goods, then D – industrial processing and F – construction. It is interesting that in some sections simultaneously there are firms declaring the growth and the decline in employment. It can be presumed that the current situation of the

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company largely depends on the specific characteristics of the firms and the conditions under which they operate. This means that it is impossible to clearly pinpoint the sectors which are stable and which have good development prospects. Some revival, which is supposed to boost employment, is expected to come from the business representatives of different sections in the region, the worst in this respect is the situation in section E – manufacture and distribution of electricity, gas, and water, H – hotels and restaurants, J – financial intermediation and K – real estate, renting and services for business.

The process of recruitment and hiring new employees is an important element in determining the effective functioning of enterprises. With regard to the Poviat Wałecki the demand for specific jobs is what follows: business experts – 7.1%, technicians and the so-called low level staff – 7.1%, workers and craftsmen 35.7%, machinery operators and assemblers – 21.4%, and a relatively large number in the category of unskilled straight employees (21.4%).

Depending on the wanted specialities, professional qualifications employees should have: secondary technical education and preferably compatible with the profile of the company – 25%, higher professional education compatible with the company profile – 8.3%, vocational also with the profile of the company – 12.5%, special courses preparing them for given work – 16.7%, a driving licence cat. B – 5.6% and should have some previous experience in the job – 33.3%, and in 4.2% with formally confirmed knowledge of a foreign language. It is worth noticing that the above qualifications and professional skills are not disjoint requirements.

The so high rate (33.3%) of potential employees with previous experience may suggest the companies' seeking savings in operation. The employment of people with previously acquired (formally confirmed) professional competence is a cheaper way to recruit competent staff. This type of employees usually do not require various induction procedures or any adaptation or special trainings and courses.

Obviously, seeking new employees may be done internally (the so-called internal recruitment) and by external recruitment (seeking employees on an external labour market). With regard to the Poviat of Wałecki the analysis refers to external recruitment process. The firms looking for employees use mainly passive forms of finding workers – persons concerned come to company themselves (20.4%), or exchange them with others (18.3%, and traditional intermediary – using Work Centre (UP) (19%), advertisements in the press (8.6%) and in the Internet (4.3%).

The company's development potential – companies-remuneration system, improving competencies, and the state of equipment

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this, the so called sensitive variable, is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. However, the obtained responses suggest that the salaries during the past and current year were given some level of dynamism. In 2008 the salaries were increased in 28.8% cases, in 2009 the number has only been 7.6% of the surveyed (tab. 8). Although the vast majority of the surveyed said that wages have not changed, in 2009, the number of companies in which remuneration was reduced, was greater than in 2008.

It seems that unfavourable dynamism in respect of remuneration is the result of the current economic crisis and adopting by companies different anti-crisis strategies to stay on the

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market – and the simplest of these strategies seems to be freezing remuneration on an unchangeable level.

Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	28,8	7,6
Were reduced	3,0	4,5
Unchanged	47	69,7
Refusal to answer	21,2	18,2

Source: *Own research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human resources management. It is of course a cost-generating item, but in the long term enhances business. In the Poviat of Wałecki a worrying signal is that up to 75.8% of the surveyed companies do not use this type of solutions. The remaining – 22.7%, declare using training but taking into account only essential training: machinery and vehicle operators, accounting, finance, management, marketing, and sales and customer services – and necessary trainings on workplace safety (BHP) and Hygiene and Hazard Analysis and Critical Control Points (HACCP). They are to some extent investments in the company, rather than investment in human capital – developing employees. The situation in which companies do not invest in human resources, or not strengthen intellectual capital, always results in the lowering of development needs. However, this situation may be a consequence of the current economic crisis and the drastic looking for savings by enterprises.

Today, in the time of rapid growth of the importance of technology in the functioning of societies, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. Relatively new technologies being used in enterprises in the Poviat of Wałecki show it in a favourable light. 60% of companies use modern technological lines purchased in 2008/2009 or within the last five years. Only 27.7% of companies use technological lines purchased before 2004.

In terms of modern technology procurement, the data are as follows:

- machines and modern devices – purchased in 2008/2009 – 25.8% of companies,
- machinery and equipment used from 3 to 6 years – 27.3% of companies,
- machinery and equipment used from 7 to 10 years – 21.2% of companies,
- machinery and equipment used for over ten years – 15.2% of companies.

From the presented data, up to 36.4% of companies use old or obsolete machinery and equipment (over 7 years), but at the same time, more than half the companies (53.1%) has a modern, or quite modern technological state of the machinery i.e. they use machinery and equipment not older than six-year. From the presented data emerges a picture of companies that keep pace with the challenges of the market, by adjusting their solutions to modern requirements. However, the fact that 10.6% of respondents could not specify the technological state of the machinery used in their company raises the concern that they did not want to admit

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to using in their companies outdated and old solutions which are generally disapproved of. This category cannot be firmly associated with the companies using the machinery and equipment older than 10 year. However, it can be assumed that a significant proportion of them are just such company.

B. Market dimension of business – binding undertakings with their surrounding
The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the Poviat of Wałecki the choice of location for their activity was determined by:

- the residence of the owner – 48.3%,
- the opinion that the Poviat of Wałecki is a good location – 18.1%
- the availability of cheap labour – 14.6%,
- the availability of markets – 8.6%,
- the availability of supply – 7.8%
- the availability of supporting institutions – 1.7%.

The predominant importance of subjective reasons for locating a business in the district (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market. The presented data show that companies in the Poviat of Wałecki knowingly or unknowingly apply a strategy for building a quality advantage, that is, they seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality (fig. 5).

It is worth indicating that to maintain the competitive advantages obtained, there should be taken some measures seeking also to strengthen the price and information advantages, which to some extent lacked among the investigated companies. Most of the surveyed companies estimate their level of competitiveness as that of a local scale – 60.7%. In the opinion of the respondents there are 15.7% of companies with competitiveness on the Poviat level, and 7.9% for both: on a national scale, and on the European Union scale.

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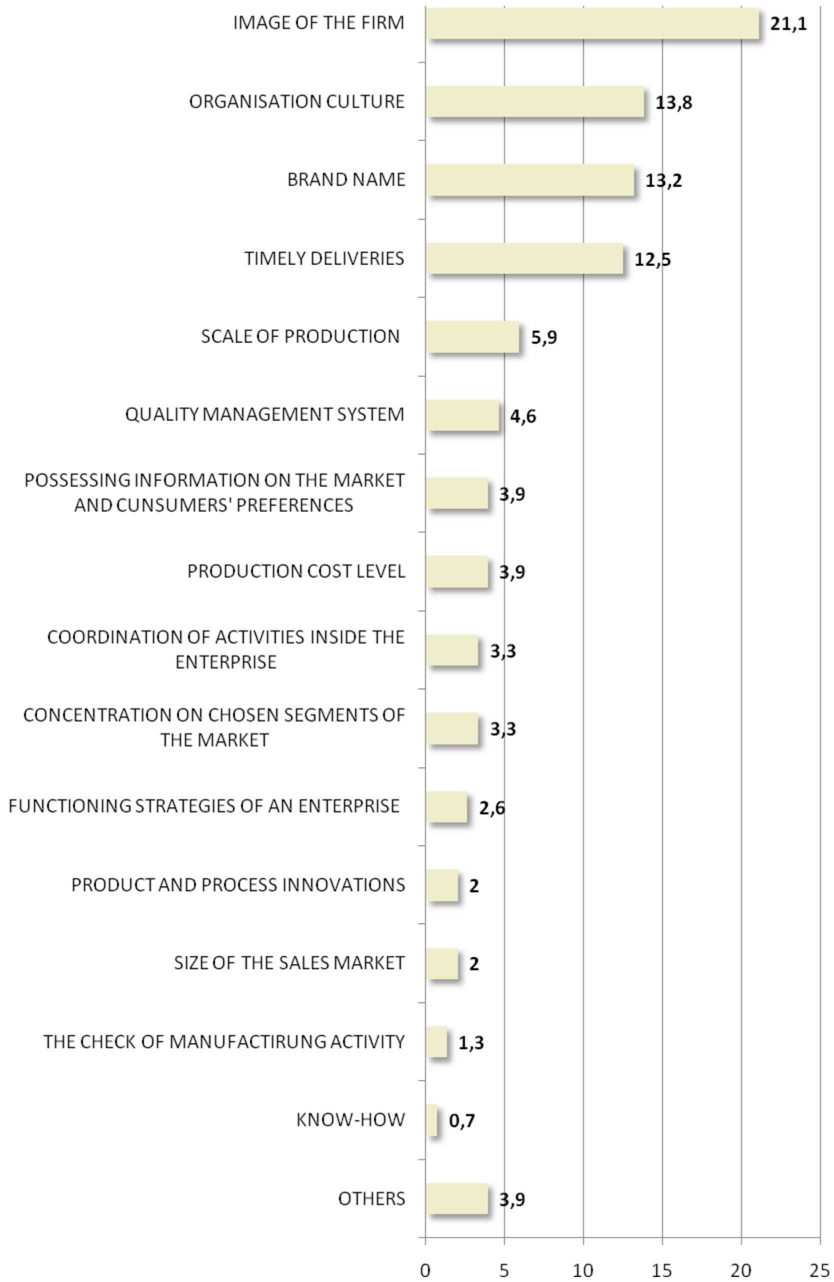
Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

Thus, the main competitors of the companies in the Poviat of Wałecki are other local companies – 83.1%, and companies from Western Europe are seen as a potential competitor by 6.5% of the respondents, and non-European companies by 1.3%. In the opinion of 1.3% of

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respondents in respect of their activities there is no pressure from the competition. The remaining respondents 7.8% couldn't answer this question.

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses.

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- heavy bureaucracy – 17.1%,
- strong domestic and foreign competition – 16.4%,
- inadequate domestic demand – 15.8%,
- uncertainty overall economic situation – 13.0%,
- no concept of development for cities/municipalities – 6.8%,
- a poorly developed infrastructure – 5.5%,
- high load on the budget – 5.5%,
- large distance from the outlets and supply – 2.1%,
- insufficient foreign market demand – 1.4%,
- the development of 'grey market' – 1.4%,
- other difficulties such as the increasing importance of production in China – 1.4%.

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications):

- the lack of professional staff – 4.1%,
- difficulties in accessing funds necessary to operate – 2.1%.

Note the opinion of the respondents to the importance of constraints on their operation causes by the functioning of public institutions – they felt particularly affected by the heavy bureaucracy, no concept of development for cities/municipalities, high load on the budget and unclear and inconsistent legislation. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, with the frequent problems created by the State and its institutions.

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. Often undertaken efforts to overcome the crisis in the companies of the Poviat of Wałecki are: reducing investment expenditure – 24.3%, or in general cessation of investment – 14.6%, the reorganisation of the establishment – 11.7%, the decrease in the level of employment – 7.8%, the reduction in wages – 6.8%, the decrease of working hours in employment contracts – 1.9% and sending employees to payless vacations – 2.9%.

This means that to a great extent, the reaction to crises is restricting an aspect of activity, which is a passive strategy. It is also noted that in the Poviat of Wałecki a small group of enterprises seek a certain independence of their activity and take some steps that would pre-empt possible future problems, i.e. investment and transaction insurance policies – 7.8%. Worrying is the fact that still respondents in 20.4% have indicated that they do not take any concrete action in a crisis. This is a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

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Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the definition and diagnosis of the situation. And so, 60.6% of the surveyed conclude that the situation of the company during the last 6 months has not changed, and 13.6% say that it has clearly improved. However, the opposite opinion was voiced by 24.3% of the surveyed which is a relatively large group.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for the item and service – 64%
- increase in prices of materials and raw materials – 20%
- bigger caution of investors – 8%,
- large competition on the market – 4%
- economic and financial crisis – 4%

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 76.9%,
- business expansion – 15.4%
- co-operation with more contractors – 7.7%

From the received answers one can draw a strongly ambiguous situation – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in the economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

It is generally known that the companies function in a particular external environment – a socio-economic surrounding, whose quality affects the functioning of companies. The opinions of respondents in this respect are not clear-cut, for the same percentage of surveyed (47%) think that the economic situation in the region during the last 6 months has been unchanged or deteriorated. Only 3% of respondents noted improvements in the situation in the region.

Respondents forecast how the economic situation in Zachodnipomorskie voivodship will change over the next 6 months. The results allow moderate optimism, negative scenarios predicting a deteriorating economic situation in Zachodniopomorskie voivodship were expressed by 18.2%, and 37.9% thought that the situation in the projected period would not change, but up until 40.9% of the surveyed believes that it will improve.

Academically interesting is the attempt to observe the pace of changes in demand for services/products offered by the company in respect to the same period last year. The increase in the level of demand was mentioned by 23.1% of the surveyed, and the reduction by 35.4%, and the most numerous group cannot see any changes in the volume of demand – 36.9%. The remaining 4.6% of the respondents did not know how to estimate the changes in the context of the past year.

The investigated also made forecasts for changes in the demand for services and products in the context of the same period next year. The obtained distribution of this variable points to the change of the situation, most of the surveyed (48.5%) believe that the volume of demand in the period next year will be higher, 31.8% believe that this figure will not be changed,

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and the decline in the volume of demand was foreseen by 13.6%, the remaining 6.1% is not able to predict changes in demand. It's worth noting that a relatively large group of the surveyed (48.5%) were looking ahead in the future with optimism, seeing opportunities, not only threats.

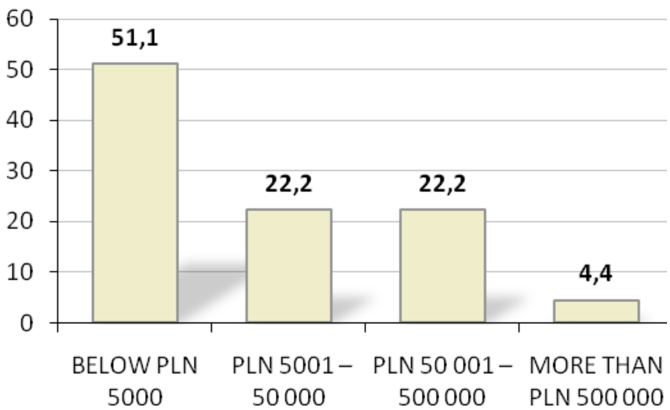
One of the major factors determining the development potential of companies is the level of investment. In order to strengthen the position on the market, and not to be pushed off it by competition, a company must take pro-development actions, and one of these types of actions are investments. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and in relation to local and regional development. The benefits of adequately realised investments are obvious and usually mean strengthening the position of the company on the market. No investment always results in the stagnation and the alienation from the market.

The primary (but not the only) way to invest is increasing the resources of tangible fixed assets of the company. In this regard companies of the Poviat of Wałecki are on a satisfactory level, a relatively small group of 25% of the surveyed companies declared having made no investments at all, but the companies of the Poviat of Wałecki which do invest usually choose the following goods – ranked by the frequency of indications:

- equipment (furniture, appliances) – 47.6%,
- vehicles – 11.9%,
- buildings, land – 15.5%.

Also the value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). Over half of the respondents – 51,1% pointed out that the expenses incurred were below PLN 5 000, it can suggest a small scale of their operations, and their niche character – firms involved in minor business mostly do not require costly equipment. Next groups of respondents declare increasingly higher amounts: 22,2% invested in the development of their company from PLN 5 000 to PLN 50 000 and PLN 50 000 – 500 000 each. An expenditure of more than PLN 500 000 was declared by only 4.4% of companies.

Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

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The respondents also forecast possible investments in the course of the next six months. The resulting data give picture justifies estimates, both in relation to planned expenditure on investments – 40, 9%, and the lack of such intent – 42.4%. Only 16.7% do not know whether to invest. The situation does not look favourably since no investment will have to result in simply magnification existing fixed assets of the company.

On the basis of subjective experience respondents also made a forecast for the situation regarding their own company for the next 3 years, which enables to determine long-term expectations for future development of a firm. Respondents said that in the course of the next three years the situation of their businesses will be as follows:

- it will be better than today 57.6%
- the situation of the company will be similar to the present 27.3%
- the company will be worse than at present 7.6%
- the company will fail in liquidation 3.0%
- it's hard to tell 4.5%

The above results show a high level of optimism by the investigated since 57.6% believe that the situation for the next 3 years will be much better off than currently, 27.3% believe that their company will be similar to the present, and pessimistic scenarios that the company will be worse than today or will go to liquidation was expressed by 0.6%. Relatively few entrepreneurs, only 4.5%, can't estimate the future situation on the market.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel.

Partnerships and networking economic links among enterprises should be included to the external growth strategy, and what regards its duration and dimension, it can be in the form of short or long-term cooperation and it may be developed to a different extent.

In this regard the Poviat of Wałecki compares rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. The overwhelming majority – 80.9% of the surveyed companies do not co-operate with other entities. In respect of the remaining 19.1% of companies that undertake to cooperate with other firms, they do it with educational institutions (4.4%); Government units (4.4%); self-governing units (4.4%); companies operating in the region (2.9%) and consultancy companies (1.5%). The forms of cooperation with companies include such as letting premises or exchanging goods (3,1%). The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to the low use of support from public institutions. The vast majority – 86.4% of the respondents declare that they do not use any available forms of support, 7.6% of companies benefited from the increase of employment in the company, 4.5% of the researched from funding for setting up a business.

As these data relate to the three previous years, their negative values are especially worrying. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds.

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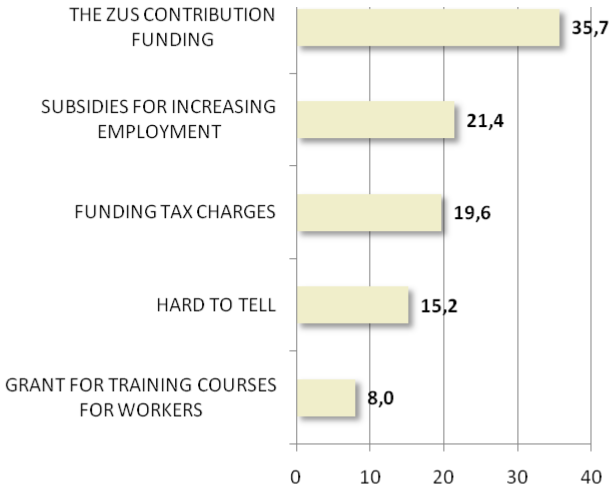
A partial answer to this question is the statement that 15.2% of the surveyed cannot indicate any form of support from the units of local self-government, which could help the company's activities. Among the respondents who preferred some forms of support, the most important are the following: funding the ZUS contribution (35.7%), subsidies to increase employment (21.4%), funding tax charges (19.6%) and grants for training courses for workers (8.0%) (fig. 7)

Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

The extent of economic exchange

Economic exchange in the EU in done on a common internal market, which first covers the entire EU territory, and the second is based on the principle of the four freedoms: the movement of goods, persons, services and capital. Therefore, the analyzed districts seem to be participating in this area on the principles of free competition. Cross-border activity may of course also take place outside the community, however, the movement of goods and services within the UE is the easiest.

Exchange enterprise conducted by members of the trade in the discussed Poviat is limited spacewise 81.8% of the surveyed companies did not have any international exchange experience, 6.1% of them had some goods or services export experience, 12.1% of the respondents had both export and import of goods or services experience. The few companies which do export their products sent them mainly to: Germany (25.9%), Italy, the United Kingdom, France, Russia. According to forecasts by 41.7% of the surveyed, the exports over the next 6 months will increase, 8.3% of respondents expects the decline and 33% of respondents think that it will remain unchanged. From among the respondents – 16.7% cannot predict the dynamism of exports over the next 6 months.

Innovation in enterprises

As already mentioned the competitiveness of enterprises is determined by many external and internal factors. The first group of factors contains the State policy and the condition of the available infrastructure, to the other the firms' internal factors e.g.: management, floating

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capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is a crucial factor for development, since it determines not only the pace and directions for economic development in an individual sense, but also on local, regional and international levels.

The innovation rate in business in the area of the Poviat of Wałecki is low, because only 18.2% of companies declare that in the period of 2007-2009 they applied some innovations, the remaining 81.8% did not take any innovative actions. In respect of the companies which applied some form of innovation, the source of their innovation was: (listed due to the declining number of indications):

- purchase technology – 36.4%
- purchase of research results prepared by R&D institutes – 27.3%
- purchase of licenses – 18.2%
- copying ideas and solutions from competition – 9.1%
- introducing innovation by partner/ co-owner – 9.1%

This means that the companies in the region do not have their own resources to develop their own innovations. Therefore, there is no company which would take the role of the leader in introducing the new solutions.

The main reason for applying innovation on such a small scale is too large risks associated with the implementation of innovation – 38.5%, the inability to finance innovative businesses – 30.8% of answers and the lack of potential interest in new products/services from client – 7.7%. The remaining respondents – 23.1% could not indicate the reasons preventing them from taking innovative actions.

Activating entrepreneurs of the Poviat in question to take innovative actions has more chances of success, if done in co-operation with other entities. And the pace of growth for innovations and new technologies in specific enterprises is dependent, among others, on institutional funds spent on research, development and innovation. Respondents (36%) rightly suggest putting into practice low-level initiatives like the creation of programmes to promote technological development at the level of municipalities, other suggestions: building an information system dealing with current needs of technological companies (9.3%), development of institutional infrastructure in mediation and the transfer of technology and improving the quality and the degree of tender suitability in units B+R for the needs of enterprises (8.1% each) and the construction of information systems with suitable offers for units B + R (7.0%). Up to 31.4% of respondents do not have any expectations as regards the facilities and their collaboration with others to apply innovations.

However, it should be noted that the Poviat of Wałecki in the vast majority (93.9%), is part of a modern information system and declares using the advantages of modern IT tools such as the Internet. Companies from this group of respondents have their own websites, continually benefit from various types of search engines and Web browsers and e-mail. Only 6.1% of the surveyed companies still do not use multimedia tools such as the Internet.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that

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are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The picture which emerges from the analysis of the situation is rather pessimistic. Unfortunately, 85.1% of the surveyed companies in the Poviat of Wałecki have never used EU structural funds. The remainder admits to having used the funds primarily for the development of technical infrastructure – 3.0% and to increase employment – 3.0%, purchase of land and real estate assets – 1.5% and to raise the quality of potential staff training – 1.5%.

Unfortunately, such a low level of the use of funds stems from the lack of interest in this type of support – up until 37.9% of respondents do not want to benefit from EU structural funds, 4.5% of respondents do not use it due to the lack of sufficient, clear information on how to applying for the funds, 1.5% due to the lack of money. Comforting is that a high percentage of surveyed (56.1%) is interested in the use of funds from the EU structural funds.

The entrepreneurs who did use EU grants defined the barriers limiting their effective gaining the resources (the following factors are organized by declining importance):

- bureaucracy and ambiguity of EU request forms – 37.7%
- the necessity of own contribution – 18.4%,
- limited access to information about programs – 14.0%,
- cost of preparing applications – 7.9%
- short term preparation – 6.1%,
- the lack of appropriate EU programmes – 0.9%.

As it is clearly seen then, that the so far experience in raising funds from the European Union by the entrepreneurs in the Poviat of Wałecki is not very positive. A significant proportion of the companies, indeed, has no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of Wałecki in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the district, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the Poviat is its demographic potential. With this respect in the investigated period the following processes were observed:

- the slow decline of population caused by the drainage of population from the Poviat;
- changes in the population age structure – permanently decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over
- the decline in the population in the pre-productive age, and the increase in the population of working age and the post-productive age.

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Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

- the increment of the rate of the number of working for 1000 people,
- the growth in average monthly gross salaries,
- a systematic decline in the number of unemployed people (10-th place in the voivodship).
- deficit professions in 2008 were only those from such profession groups like: secondary labourers in mining, industry and construction, employees at work in trade and services, office support staff and machinery operators and assemblers. There was a balance in the group of managers of big organization. The highest surplus appeared in the case of such groups as: precise mechanics, ceramics and printing, farmers and fishermen working for their own needs and executives of small and medium-sized companies.

It can be said that the Poviat did not reach the level of economic development that would reflect its resources and its full potential. However, there were clear indications of the economic upturn, evident from the analysed economic indicators like: the increase of the industrial production sold, the increase of the Poviat's participation in creating administrative value sold, the increase of investments in companies, and higher than in 2004, the gross value of fixed assets. It should be noted, however, that the Poviat's income and its expenditure budget as well as those of its municipalities are very low. And this underfinancing a region can lead to problems with supporting a socio-economic development.

Another conclusion from this analysis is that the development of entrepreneurship in the district will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat of Wałecki, and developed on the basis of our own research allows to indicate some characteristic features for this group. The surveyed firms are engaged primarily in service sectors, which are dominated by trade. As for the structure of the companies, the commonest being microenterprises, registered in the form of natural person businesses. Among the surveyed businesses those being on the market for over 8 years seem to prevail. What is important for the characteristics of the surveyed companies is the observation that the enterprises located in the Poviat hardly employ people with no education or primary or gymnasium education.

The problems that businesses face are visible in the significant decline of the number of firms, with rising earnings and the increasing number of companies with reduced salaries for the last year. This situation is undesirable for two reasons: firstly it affects the standard of living, and secondly, it reduces the competitiveness of local entrepreneurs on the job market – it will be more difficult to acquire or retain skilled labour.

The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and longer-term (12 months) – indeed waiting attitudes prevail. However, with regard to the 3-month perspective, which is easier to define, the changes on the labour market seem beneficial – much more companies strongly stated that they will hire new people rather than dismiss them. Because the economic situation is still uncertain, entrepreneurs show a lot of common sense in answering the question as to employment forecasts in the next year. It also means that many companies realize that their position is also determined by some factors from the global market on which they have no direct influence.

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The conclusion that can be drawn from the received answers is that business activity is impeded primarily by different structural barriers (strong domestic and foreign competition, insufficient demand on the domestic market and uncertainty about the economic situation) and formal barriers (too heavy bureaucracy, no concept for the development of a city/municipality, a poorly developed infrastructure, high tax burdens). Despite the obstacles, which operating businesses face from public institutions, the latter subtly promote this sector, as well. In addition, positive examples of support obtained from public institutions occur infrequently – and most of them concerning the promotion of employment, which in the case of many very small firms not employing any workers causes them to feel excluded from the eligibility for support. It seems that for most companies the State (and its different institutions) does not have any interesting offers (or at least they are not generally known to public) to support business enterprising.

However, it should be also noted that entrepreneurs are not very active in seeking additional opportunities related to supporting the development of the company – whether through public aid, or by linking capabilities with others. Generally the company focus is primarily on consolidating its place on the market. Co-operation and partnership with other enterprises or public institutions is rather limited.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is a small share of innovative solutions used in businesses.

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate to much different rules from those of small and medium companies;
2) a series of institutional and procedural barriers need removing in the process of setting up and running a business both at national and local levels;
3) special attention should be drawn to creating opportunities to improve professional skills by both corporate employees as well as by their owners, which requires action, whose goal is to change attitudes especially of the latter group. Companies are struggling with similar problems, but their solutions largely depend on intuitive decisions of individuals – hence the situation of businesses operating in the same sectors is so varied;
4) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
5) due to the low level of innovation in the investigasted companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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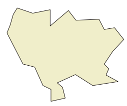
9. The City of Koszalin

Introduction

Territorial Division

The City of Koszalin is situated in the north-east of the Zachodniopomorskie voivodship – in the central part of the Poviat of Koszaliński. In 2008 it covered the area of 83 sq. km, which accounted for 0.4% of the area of the whole voivodship, with the population of 107.1 thousand which is 6.3% of the whole voivodship population. With these figures the City of Koszalin ranks on the last and 3rd place in the whole voivodship respectively. Only the City of Szczecin and the Poviat of Starogardzki have bigger populations.

Fig. 1. Administrative borders of the City of Koszalin
(the state for 1.01.2009)



Source: *Own analysis based on the data from the Central Statistical Office.*

The Structure of the Sample

The population of respondents was composed of selected representatives from the firms which were researched. They can be described according to such independent variables as: gender, age, education and the post held. The adopted research methodology causes the values of the features describing respondent to mirror the values of these features with respect to all entrepreneurs taking part in the research. In the analysed population, the gender regression is slightly asymmetrical: 52.0% of men and 48.0% of women. The next variable was the age of the respondents and it also was uneven – the analysed population indicates the preponderance of older people aged 46-55 – 30.0% of the whole population, and the second group of respondents are people aged 26-35 (20.4%), and the next group: 36-45 – 19.6%. With regard to the respondents' education, most of them had higher education – 49.8%, and secondary education – 40.9%. There are far fewer those with vocational education – 8.0%, and only single cases of those having primary education or no education. The last variable is the job or post they hold. Thus there were 63.1% of firm owners, chief accountants 4.0%, chairperson or director 3.6%, and 23.1% of people responsible for talks in the company.

The socio-economic situation analysis

The Demographic Potential

One of the main and the most important development determiners for a region is the condition of its population and the possibility of changing it. Considering the job market supply, it is the size and the structure of the population, and in particular the dynamics of structural changes of a population that are the key factors in creating the local job market.

In the years 2004-2008 the city of Koszalin population slightly decreased by 0.6%. According to the demographic forecasts of the Central Statistical Office this tendency is bound to continue up to at least 2035. The direct cause of this situation, which has been observed for some years now, is the decreasing birth rate. The additional factor slowing the demographic

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dynamics is the negative migration rate which significantly lowers the size of the job market supply and the reproduction potential of the local population.

In 2008 the average population density rate for the City of Koszalin was 1286 people per 1 km^2 (by comparison the rate for the voivodship was 74) and since 2004 it has been on the same level. It was the second highest density rate for the whole voivodship – after that for the City of Szczecin.

Tab. 1. Some demographic features in the Poviat of the City of Koszalin in years 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
Total population	107773	107693	107146
Population density per 1 km^2	1295	1293	1286

Source: *Own analysis based on the data from the Central Statistical Office.*

An especially important criterion describing a group is the population structure according to its biological age groups (0-14, 15-64, and 65-plus). This division shows the degree of demographic aging for a particular population. In the years 2004-2008 the group of children aged 0-14 decreased by 1.1 thousand, and its general ratio to the total population of the region fell from 13.4% to 12.5%. In the next age group, i.e. age 15-64, there was a fall in both the absolute population (from 79.1 thousand to 78.5 thousand) and its share (from 73.4% to 73.2%). The last age group population, i.e. age 65-plus increased by 7.3% and its share in the total population went up from 13.2% to 14.3%. The increasing number of people aged over 65 and the increasing share of this age group to the total population clearly suggest the ageing processes of the population.

The changes in the structure of a population according to age groups are closely related to the conclusions formulated for the job market supply processes. In 2008 in the City of Koszalin the percentage of people in the pre-productive age group was 15.7% (in the voivodship – 19.1%), in the productive age group – 66.6% (65.9% in the voivodship) and in the post-productive age group – 17.7% (15.0% in voivodship). In the years 2004-2008 there was a steady increase of the post-productive age group (by 2.1%) and a simultaneous decrease of pre-productive age group (by 1.6%), and the productive age group (by 0.5%).

Natural migration of people on a given area is another important factor in demographic processes. In 2008 in the City of Koszalin 942 new children were born, which accounted for a 3.0% increase to the year 2004. For each 1000 people in Koszalin in 2008 there were 9.0 live births (10.8 in the voivodship) and only 8.6 live births in 2004. The increase in the live birth rate since 2004 was caused by the demographic boom generation entering the reproductive age.

In the years 2004-2008 in the Poviat in question there was a significant increase of the death rate by 10.5%. For each 1000 inhabitants in 2008 there were 9.2 deaths (9.7 in the voivodship), and only 8.3 in 2004. The generally observed tendency is that there are more male deaths than those of women. The male death rate in the Poviat of Koszalin City for the period surpassed 50%.

The population growth, based on the number of live births and the number of deaths for the City of Koszalin in 2008 was negative (-27 people) and compared to that from 2004 had decreased. After conversion for each 1000 people, the growth ratio was on the level of -0.3 (1.1 in the voivodship), whereas in 2004 it had the value of 0.4.

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Tab. 2. Natural migration of people in the Poviat of Koszalin City in the years 2004, 2006 and 2008

SPECIFICATION	2004	2006	2008
Live birth rate for 1000 people	8,6	8,3	9,0
Total death rate for 1000 people	8,3	8,3	9,2
Natural growth rate for 1000 people	0,4	0,0	-0,3

Source: *Own analysis based on the data from the Central Statistical Office.*

The demographic and social structures undergo significant changes in the wake of migration movements of people. It is the migration that in the course of the nearest years will have a significant influence on the size and the structure of a population. In the City of Koszalin in 2008 the total migration rate was negative and amounted to -106 people, which was caused by the outflow of people to other Poviats in the voivodship or in the country. For each 1000 people in the Poviat the migration rate was negative (-1.0 people), and was higher than in the voivodship (-0.8 people).

The job market diagnosis

The firms operating in the Poviat are perceived as a strategic partner for the job market – mainly due to the possibilities of creating new work places, which is of great importance in the situation of high unemployment. Work is the aspect of social activity which has the strongest impact on the quality of people's lives and is indispensable while planning and restructuring the national economy in the desired direction.

The employment data come from different sources, which to some extent makes the analysis of the job market difficult. The most precise employment data can be obtained from the national census figures. These censuses are held every 10 years. Therefore, for preparing current reports on the job market there emerges a need to use more up to date data, even if this might not embrace all working categories and references to different grouping models within the population.

In Koszalin in 2007 there were 29.1 thous. people working in firms employing nine and more worker, nine-plus firms (excluding individual households in agriculture, clergy, foundations, associations and the like), which meant an increase to 2004 by about 9.5%. In the analysed period there was a significantly bigger increase in the employment of men (by about 11.7%).

Tab. 3. Workers and salary in the Poviat of Koszalin City in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Workers in the main workplace	26621	27457	29147	109,5
men	12756	13343	14244	111,7
women	13865	14114	14903	107,5
Workers together with individual agriculture	26999	27835	29525	109,4
in% of the agricultural sector	0,9	0,7	0,7	75,9
industrial	28,3	28,6	29,1	102,9
services	70,8	70,7	70,2	99,2
Average monthly gross salary of PLN	2169,24	2352,94	2534,90	116,9

Source: *Own analysis based on the data from the Central Statistical Office.*

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For each 1000 people in 2007 there were 271 people employed in the firms with nine and more workers, which ranked the Poviat on the 2nd place in the voivodship (with the average rate for the Zachodniopomorskie voivodship 193 employed in nine-plus firms for each 1000 people). The analysis of the employment rate shows its growth compared to 2004, which can suggest: firstly, the increased willingness on the part of local business to employ new workers, and secondly, a sustainable socio-economic development of the area.

The research, which included people employed in individual agriculture households (but still not including firms with fewer than nine workers), showed that in the Poviat of Koszalin City in 2007 the number of people employed was 29.5 thousand. The employment structure by economic sectors shows that only 0.7% of the employed worked in agriculture (due to a municipal character of the poviat), 29.1% in industry and 70.2% in services. Since 2004 the employment in the industry sector slightly increased, and it did so at the expense of services (a smaller drop) and in the agriculture (a bigger drop).

The average monthly gross pay increase in the Poviat (referring to the nine-plus firms) is a recently noticed positive development. In 2007 the average pay rate in Koszalin was PLN 2534.90 and it was more than in 2004 by about 16.9% (in the voivodship: 17.7%). The average pay rate in the Poviat was, however, lower than the average in the voivodship (by about PLN 81.00). With respect to the pay rate, the Poviat was on the 6-th place.

In the Poviat of Koszalin, due to its municipal character and better job availability, the unemployment problem on the job market is a bit less pressing social and economic issue than in other poviats of earthly. In 2008 there were 3880 people unemployed (in which women made only 52.8%). Since the beginning of the analysed period the number of unemployed dropped by 62.4% (only 54.8% in the voivodship), and the drop referred both to men and women.

The registered unemployment rate in the Poviat in 2008 was 8.2% (with the average for the voivodship 13.4%) and was one of the lowest in the Zachodniopomorskie voivodship (the 3rd place after Szczecin city and Świnoujście city). By comparison to 2004 it was on the decrease.

What is a bit worrying is the fact that since the beginning of the analysed period there was a slight increase of the unemployed not entitled to state welfare money by about 6.7%, whereas in the voivodship there was a drop by 5.0%). Consequently, the size of this group in relation to all unemployed is still worryingly big – in 2008 it was 84.8% (79.2% in the voivodship).

In comparison to 2004 there was an increase of the unemployed people in the 55-plus age group (by 10.2%), and a slight rise of the 45-54 age group, but a fall in all other age groups (the biggest in the below 25 age group). There were also more unemployed people with university education, and secondary education and vocational education, and a drop in the groups with vocational education, gymnasium education and primary education, as well as general secondary education.

The situation on the job market is determined in close relation to the labour supply (the number of people looking for a job) and the labour demand – the available jobs offered by a given economy in a particular socio-economic situation. The structural or quantitative mismatching of the above causes difficulties on the job market (unemployment or the unused work places). Thus, the comparative analysis of these two categories seems to be highly desirable. Comparing the occupational structure of the unemployed and the job postings made to the poviat's work centres seems to be extremely useful. This leads to determining the deficit and surplus professions within the labour market.

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The deficit jobs in 2008 in the Poviat of Koszaliński were only found in such big professional groups as: vocational teachers and instructors, gardeners, machinery operators and assemblers, auxiliary staff in gardening, mining, industry, building, directors of big organisations, and operators of heavy mining and processing machinery. There was a balance in the case of the following groups: teachers, precise mechanics workers, ceramics, printing, money transfer, and client services. The highest surplus was in such groups as: auxiliary workers in agriculture, farmers and fishermen working for their own needs, and then farmers, gardeners, foresters and market oriented fishermen (mainly due to the municipal character of the poviat). In comparison to 2004 the average surplus intensity rate increased to the level of 0.53, which means a small improvement for the unemployed on the job market.

Entrepreneurship

The strength of a region and its potential are determined by the structure and the amount of successful businesses. In the Poviat of Koszalin in 2008 in the REGON register there were 18.5 thousand firms and businesses which accounted for 8.7% of all businesses in the voivodship. Compared to 2004 the number in the region increased only by 0.5% with 5.5% in the voivodship. From among all businesses operating in the area in 2008 over 97% came from the private sector.

Considering the competitiveness of the Poviat of Koszalin with regard to the business saturation, it ranks on the 2nd place in the voivodship. On average, the Poviat has 172.2 businesses for each 1000 people (with the number of 125.9 for the voivodship). It seems justifiable, then, to conclude that the Poviat of Koszalin is a well developed area in terms of entrepreneurship.

Tab. 4. National economy subjects registered in the REGON register in the Poviat of Koszalin in 2004, 2006 and 2008

SPECIFICATION		2004	2006	2008
All economic subjects		18358	18392	18455
for 1000 people		170,3	170,8	172,2
by economic sectors in %	agriculture	0,5	0,6	0,7
	industry	16,9	17,0	17,4
	services	82,5	82,4	81,9

Source: *Own analysis based on the data from the Central Statistical Office.*

The analysis of the structure of the economic subjects registered in the REGON register according to the number of people in them shows that small micro-businesses employing up to nine people are in the majority. In 2008 these micro-businesses accounted for 96% of all businesses operating in the Poviat. Small businesses employing from 10 to 49 workers made up 2.9%, and medium businesses 0.6%, and big ones 0.1% of the share. The structure of the national economy subjects according to the size classes in the Poviat was typical for the whole voivodship. Compared to 2004, the number of micro and big businesses in the Poviat increased, and those of small and medium size businesses decreased.

Analysing the national economy subjects registered in the REGON register according to the legal status it was observed that in 2008 in the economic subject structure the most numerous group in the Poviat of Koszalin was represented by natural persons running their own

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businesses (78.6%), with the next place going to trade companies with 5.8%, associations and social organisations with 2.0%, co-operatives with 0.8%, and foundations with 0.2%.

The economic development of a region is heavily dependent on the number of trading companies which have the legal and organisational attributes enabling them to operate on a big scale. The ratio of trade company saturation for 10000 inhabitants in an area indicates the region's level of economic stability. In 2008 there were 99.7 trading companies for 10000 people in the Poviat giving it the 2nd place in the voivodship, after the Poviat of City Szczecin. Compared to 2004, the number increased by 11.0%. By the same token, the saturation of a region with companies having partly foreign capital mirrors the conduciveness or its lack for foreign investments and investing conditions. Companies with foreign capital play a modernising role for economy. On 31 Dec. 2008 there were 218 such companies in the region, which, when set against 10000 people, gave 20.3 units. Companies with foreign capital accounted for 20.4% of all trading companies in the Poviat, and their number compared to 2004 increased by 23.2%.

Analysing the structure of the national economy subjects according to the economic sectors, it was observed that in 2008 in the Poviat of Koszalin the firms from the service sector were the most numerous. With the number of 15.1 thousand they accounted for 81.9% of all registered subjects in the area. Such a big percentage of firms from the service sector is a characteristic feature for the whole country, since this sector is regarded as the main sphere of a modern economy. In 2008 market type services were provided by 72.3% of all businesses in the Poviat, and non-market services by 9.7% of firms. The percentage of firms from the industrial sector was 17.4%. High percentage of firms from industrial sector is positive mainly because such firms are involved in a manufacturing activity which entails on average more work places than in other sectors. Moreover, economic practice shows that one work place in the manufacturing sector gives rise to more work places in service and trade sectors. The number of firms registered in agriculture was 0.1 thousand, which was only 0.7% of all firms in the Poviat. It seems to be a positive factor for the economic development of the Poviat, because the higher dependence of a local economy on agriculture, the slimmer the chances of the region for a fast civilisation advancement.

Considering the number of economic subjects according to the Polish Classification Code for Activities (PKD) it should be noticed that over 57% of the firms in the region in 2008 came from three sectors: trading and repairing, services for housing and firms, and building services.

The statistical data illustrating the dynamics of opening and closing existing firms are often regarded, along GDP, as the main source of information about a given economy. The dynamics of creating and registering new firms in the consecutive years is treated as a kind of barometer describing the economic condition.[34] In 2008 in the Poviat of Koszalin REGON register 1200 new firms were registered, which gave 11.1 new units for 1000 people (11.1 in the voivodship). Comparing the branch structure according to the Polish Classification Code for Activities (PKD), it was noticed that the biggest number of firms were created in such sectors as: trade and repairing sector 25.9%, services for housing and firms 19.4%, building 14.7%, which is recently a generally observed tendency in the whole country.

[34] *The Report on the condition of small and average firms in Poland in 2006-2007*. Prepared by Polish Business Development Agency, Warsaw 2007.

In 2008 in the Poviat of Koszalin 1100 firms were crossed out from the register. For 1000 people it gave 10.5 units (9.6 in the voivodship). Considering the sections from the Polish Classification Code for Activities (PKD) the sectors with the biggest number of closing firms were: trade and repairs, services for housing and firms, and building. However, on the whole, it should be noticed that more firms were registered than checked out.

Tab. 5. National economy subjects newly created and checked in or out in REGON database in the Poviat of Koszalin in 2004, 2006, 2008

SPECIFICATION	2004	2006	2008
All newly registered firms	1170	1148	1191
for 1000 people	10,9	10,7	11,1
All checked out firms	678	1311	1125
for 1000 people	6,3	12,2	10,5

Source: *Own analysis based on the data from the Central Statistical Office.*

Using the shift-share analysis, the level of competitiveness of the Poviat of Koszalin can be assessed. The level is referenced to the Zachodniopomorskie voivodship with respect to the number of national economy subjects according to the PKD classification code. Working on the assumption that the Poviat develops at the same or similar rate as the voivodship, there was obtained a high value of the expecting PO variable growth (Poviat area potential). The SP component informing about the size of changes in comparison to the whole voivodship shows that the current trends in changes of the number of firms in the Poviat are slower than in the voivodship, especially in the trade and repairs sectors (G). The negative value of KO indicator (competitiveness of the area) shows a low competitiveness of the poviat. The general (PC) shift is positive, which suggests positive tendencies in the Poviat as compared with the general level of development for the voivodship.

The Industrial Production Sold

The level of industrialisation of a Poviat can be estimated by observing the industrial production sold. In the Poviat of Koszalin in 2007 it was worth PLN 1444.8 million and it was 6.3% of the total production sold in the voivodship. Compared to 2004 there was an increase in the production sold in the Poviat by PLN 264,5 million, and thereby the Poviat's contribution to the production sold in the voivodship also increased.

The industrial production sold for one person in the Poviat was in 2007 PLN 13447 (the same as for the voivodship), which gave the Poviat the 4th place in the Zachodniopomorskie voivodship, after the Poviats of Goleniowski and Policki and Szczecinecki.

Investments and fixed assets

Investment outlays in companies allow to maintain the production at existing levels, as well as its growth. Increasing the level of investment can therefore provide for increasing the capacity of firms and their development in the long term and it can also benefit the economy of the region.

Funding or real investments, whose aim is to create new fixed assets or the improvement (modification, expansion, reconstruction or modernization) of existing objects of assets, as well as costs connected with the first equipment in enterprises employing more than

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9 persons in the Poviat of Koszalin in 2007 amounted to PLN 267.4 million and were higher than those incurred in 2004 by about 79.7%.

Tab. 6. Investment and gross fixed assets in the Poviat of Koszalin in 2004, 2006 and 2007

SPECIFICATION	2004	2006	2007	2004=100
Investment of million PLN	148,8	212,6	267,4	179,7
in % agricultural sector:	0,0	0,0	0,1	-
industrial	41,8	54,4	66,8	159,8
market services	53,4	42,8	28,8	53,9
non-market services	4,8	2,8	4,3	89,6
per capita in PLN	1381	1971	2490	180,3
The gross value of the asset in million PLN	2361,1	2300,3	2565,9	108,7
in % agricultural sector:	0,1	0,0	0,0	0,0
industrial	42,4	43,3	48,3	113,9
market services	53,9	52,3	47,3	87,8
non-market services	3,6	4,4	4,4	122,2
Per capita in PLN	21908	21360	23895	109,1

Source: *Own analysis based on the data from the Central Statistical Office.*

The highest expenditures were incurred in the industrial sector, then in services (primarily in the market services) and agricultural sector. Since 2004 the expenditure incurred in services decreased, while in the industrial sector and agriculture– increased. The volume of investments per capita equals to PLN 2490, and was higher than the average in the province and put Koszalin on the 7th place among other Poviats of the Zachodniopomorskie voivodship.

The value of expenditure incurred on the acquisition or the manufacture of fixed assets (i.e. gross initial value) in 2007 in the Poviat was PLN 2565,9 million and was higher than in 2004 by 8,7%. The highest gross fixed assets were recorded in the services sector (mainly in market services), then in the industrial sector. According to the gross worth of fixed assets per capita in 2007, the Poviat of Koszalin was on the 6th place in the voivodship.

The budgets of territorial administrative units

The opportunities for funding activities in the Poviat can be determined by the analysis of the volume of income, and in particular the expenditure budgets of the local administrative units.

In 2008, Koszalin received for the execution of its tasks, 334,0 million PLN (about 51,7% more than at the beginning of the investigation period). It was PLN 3113,01 per capita – which was the 3-th place in the voivodeship, after such cities like: Świnoujście and Szczecin.

The expenditure of the poviat amounted to PLN 335.7 mln, from which 18.4% were fixed assets investments. The dynamics of the expenditure growth in the poviat (compared to 2004) was nearly the same as that of the revenue. The level of expenditure per capita put the poviat on 2nd place in the voivodeship (after Świnoujście).

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Tab. 7. Revenue and expenditure of the Poviat of Koszalin budget in 2004, 2006 and 2008 in PLN

SPECIFICATION	2004	2006	2008	2004=100
Poviat budget revenue	220143267,00	279594065,23	334047458,05	151,7
per capita	2044,00	2594,05	3113,01	152,3
Poviat budget expenditure	221475651,00	294206649,00	335660674,11	151,6
per capita	2056,37	2729,62	3128,04	152,1

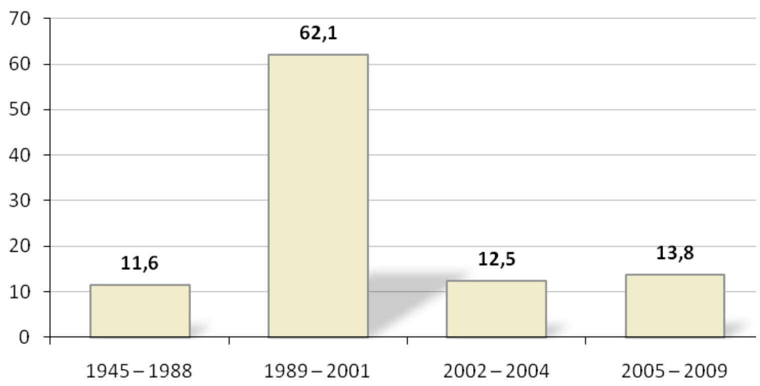
Source: *Own analysis based on the data from the Central Statistical Office.*

Own research results

A. The State and structure of the economic activity of the companies surveyed
Entrepreneurs and their companies – characteristics of the business

Watching the state of economic activity of the companies in Koszalin, one can clearly observe the years of bigger and smaller dynamism in it. The number of registered traders were especially big in years 1989-2001, when 62,1% of new enterprises entered the market (fig. 2). In subsequent years, the number rapidly fell, Presented data do not show absolute increment in the number of companies – evidently at the same time a number of companies closed down. From the compilation it can be inferred that companies existing in the Poviat are mainly those which have already had some business experience and they have been operating for more than 8 years – also in the time of slump.

Fig. 2. The year of founding a company



Source: *Own research.*

The next variable describing the surveyed group is the size of companies. With regard to this criterion, micro-enterprises that employ up to 9 employees strongly outweigh others and they account for 72.9% of all companies investigated, then come small companies – 16.9% and the medium – 8.2%. Large companies (over 250 employees) were represented only by 2.2%.

Next, regarding the type of activities, single enterprises prevail – 65,8%, and the remaining 34.2% goes to co-partnership companies (of which 16% were limited liability partnerships, 9.3% civil associations, 3.1% particular partnerships, 2.2% public companies, 0.9%

partnership companies, 0.4% commandite partnerships, 1.3% cooperatives, and 0.4% associations.

So significant predominance of single firms may indicate a changing trend on the local labour market – from employment, towards self-employment. However, other forms of business activities are still very popular in the poviat. The presence of different business partnerships on the market suggests a bigger maturity of local economy.

The structure of operators, consistent with the PKD classification (Poland's classification code of activities), clearly shows (a characteristic for the whole country) the predominance of companies from services market. Accurate data sorted out by the sections from the Poland's Classification Code for Activities (PKD) in respect of the Poviat of Koszalin are as follows:

- commercial sector – 38.7%
- service sector – 17.3%
- industrial processing sector – 11.6%
- construction sector – 7.1%
- financial intermediation – 6.7%
- real estate sector, renting and business services – 6.2%
- hotels and restaurants sector – 4.9%
- transport storing and communication – 2.2%
- educational sector – 1.8%
- agriculture, hunting and forestry sectors – 0.4%
- protection of health and social welfare sector – 1.3%
- producing and sending electricity and gas energy – 0.9%
- public administration and national defence – 0.9%

The municipal character of the Poviat has an influence on such a dominant role of trade and services companies, although a it might be a bit of surprise (considering the geographic location) that tourist companies have such a small share.

The level and structure of employment – personnel traffic

The factor that builds the position of the company is its employees, and the key issue in this respect is well educated staff. Educating workers is an important variable in the context of the description of companies. Alongside the professional skills and acquired experience it is just education of workers that makes room for rational and efficient functioning of companies, increasing their chances on the market and ultimately being a key factor in achieving success.

The structure of employment due to the level of education in the surveyed companies shows that: 30.1% of companies hire people with higher education, 32.3% with secondary education, and 19.0% with vocational education. In addition, 5.5% of enterprises employ persons with gymnasium education; 7.0% of them those with primary education, and 5.5% without any education. Adding up the numbers of the employed without education higher then gymnasium, we learn that in the poviat there are 13% of companies with workers having no learned professional qualifications.

An important indicator for the characteristics of the firm is the personnel traffic rate. This is a complex process, with the most salient elements (next to the movement of workers within the company horizontally and vertically) being the number of people employed, those leaving themselves and made redundant by the employer. In the Poviat of Koszalin in 2008 in the case

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of 15.6% of companies the employment declined, and increased in 6.7% but in 77.8% of the surveyed companies there was no personnel traffic.

The main causes of the reduction in the number of workers, if any took place, were:

- the issues of external problem with
  - selling products and services – 47.4%,
  - seasonal work – 13.2%
  - poor external situation of the country – 2.6%
- internal issues:
  - retiring 13.2%
  - dismissing employees on their own request – 23.5%
  - end of apprenticeship 2.6%
  - financial problems 2.6%
  - changing a firm 5.3%
  - reorganisation of company 2.6%

In turn, the increase of employment in the company was due to the increasing demand for the products or services – 43.8% the extension of the scope of their activities – 31.3% or the seasonal nature of work – 12.5%. But 12.6% of respondents were not able to determine the causes of the increase in the number of employees in their company.

These data clearly indicate that the approach to employment in companies is flexible when necessary the companies cut down on the costs by reducing employment, in addition, in the Poviat we can see natural factors explaining personnel traffic in companies (retirement, leaving at one's own request). It is worth stressing that large personnel fluctuation is not a favourable factor to business efficiency and indeed has negative consequences for companies.

The declarative dynamism in employment within the next three months, and the nearest year is relatively satisfactory. Only a negligible proportion of respondents promise to reduce the level of employment. Some changes were noticed in respondents' answers referring to keeping employment on the same level: in respect of 3 months it is 84.4%, in respect of 12 months – 77.7%. The forecast for the growth in employment is as follows: in the context of 3 coming months 6.7% of the respondents estimated an increase in the levels of employment, in regard to subsequent 12 months the number of indications increased to 7.6%. 5.3% of the tested cannot predict employment dynamics for three months and more than twice more (11.6%) for the next six months (fig. 3).

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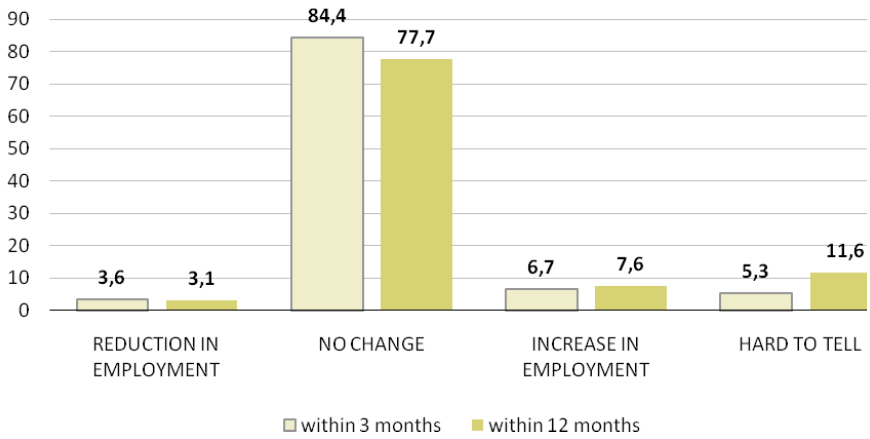
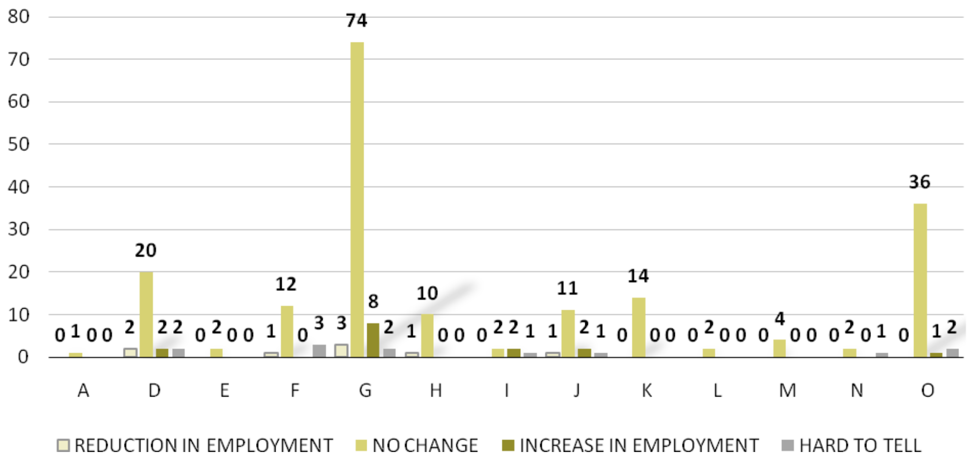
Fig. 3. Planned changes in employment



Source: *Own research.*

Business prospects are varied depending on the section of the Poland's Classification Code for Activities (PKD), in which the trader operates. Most companies anticipating reduction in employment were in section G – wholesale and retail trade; repair of vehicles, motorcycles, and personal and household goods, but also in sections: D – industrial processing, F – Building, H – Hotels and restaurants, and J – Financial intermediation. A waiting attitude is dominant among the respondents, which manifests in their hopes for no change in employment. However, employment optimists seem to outnumber pessimists. The most numerous firms expecting growth in employment come from sections: G – wholesale and retail trade; repair of vehicles, motorcycles, and personal and household goods, then D – industrial processing, I – Transport, storing and communication, J – Financial intermediation, and O – public, social and individual services and others.

Fig. 4. Planned changes in employment in the perspective of the next three months with regard to the sections from Poland's Classification Code for Activities (PKD) (absolute values)



Source: *Own research.*

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The process of recruitment and employing new workers is an essential element in determining the effective functioning of enterprises. In the Poviat of Koszalin the largest coverage indicator are only two professions: machinery operators and assemblers 29.4%, services staff and shop assistants 23.5%, unskilled workers 23.5%, industrial workers and craftsmen 11.8%, lawyers and business specialists 5.9% each.

The distribution of indications according to type of required education in potential workers is as follows: higher education consistent with the firm's activity – 3.8%, secondary technical consistent with the firm's activity – 23.1%, primary vocational consistent with the firm's activity – 15.4%. Additionally, employers require from employees such skills as: special professional courses preparing for work – 7.7%, driving license category B – 11.5%, driving license category C, E – 11.5%, some previous experience in the job – 15.4%, permissions for handling machinery and equipment – 7.7%

It is worth noticing that the above qualifications and professional skills are not disjoint requirements. A relatively small group of respondents (3,8%) could not specify what qualifications and fob skills will be required from candidates.

Seeking new employees may be done internally (the so-called internal recruitment), and by external recruitment (seeking employees on an external labour market). With regard to the Poviat of Koszalin the analysis refers to the external recruitment process. The companies looking for employees declare the application of the following recruitment strategies. There were also 13.5% of answers that persons interested in obtaining work applied for it in person, in 15.3% of cases that they were recommended by others. The above recruitment methods occur when there in imbalance on the job market, and companies use passive forms knowing that they will be effective, and cheap, and secondly this suggests the occurrence of the so called employer's market where there is surplus of workers, and companies (due to high unemployment) are in a privileged position. Using traditional forms of employment by the companies of the Poviat is as follows: 14.4% of the firms seek workers with the assistance of UP (the Work Centre), and 16.9% of the entrepreneurs use advertisements in the press or the Internet, through professional job agencies – only 1.2%, and the remaining 37.4% declared that they did not seek employees at all.

The company's development potential – the company's remuneration system, improving competencies, and the state of equipment.

One of the most important parameters that characterizes the development potential of companies is the level of remuneration. Unfortunately this, the so called sensitive variable, is difficult to analyse – since not all respondents are usually willing to talk about this type of issues. With regard to the Poviat of Koszalin over 36% of respondents refused to answer. The response shows that wages in the course of the past and the present year have gained the following level of dynamism. In 2008 in 17.8% of cases salaries increased, but in 2009 it was so only in 4.9% of cases. The fact worth emphasising is the declaration to leave salary levels unchanged; in 2008 36.7% of the companies froze salaries, but with regard to the 2009 53.8% declare to do so.

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Tab. 8. The dynamism of changes to remuneration during the years 2008 and 2009

SALARY	2008	2009
Were increased	17,8	4,9
Were reduced	7,6	3,1
Unchanged	38,7	53,8
Refusal to answer	36	38,1

Source: *Own research.*

An important, although most underestimated, element building the development potential of companies is retraining workers. This is also a fundamental element of the planned human resources management. It is of course a cost-generating item, but in the long term enhances business. In the Poviat of Koszalin the number of companies using courses is relatively high, 41.4%, and those who do not send their workers 58%.

The companies using such courses send their workers mainly to courses in the following fields: accountancy, finances, marketing, courses for machinery operators, languages, sales and customer services, management, IT, ISO, Safety at Workplace (bhp), and other special and branch courses covering: first aid, hairdressing, waiting, bartenders, florists, medical training, taxes, treasury, auditors, property experts, product oriented, services, ventilation systems, etc.

The above list of trainings shows that companies send their worker to them in order to secure themselves, but they also equip their workers with expertise, from which they will be able to benefit in their future career. Interestingly, the wide range of subjects covered in the courses suggests high awareness of the need to improve qualifications in workers – most respondents seem to be aware of the importance of this process.

Today, in the time of technology development, each undertaking should be accompanied by technological developments. Significant characteristics permitting indirectly to estimate the modernity of a company is the age of the technologies and the machinery park facilities used in the enterprise. The technologies used in enterprises determine the potential of the companies of the Poviat of Koszalin as follows: 25.8% of companies use modern technological lines purchased in 2008/2009, 38.2% within the last five years, in 10.7% of companies use technological lines purchased before 2004.

In terms of modernity of machinery in the firm, the data are as follows:

- machines and modern devices – purchased in 2008/2009 – 26.2% of companies,
- machinery and equipment used from 3 to 6 years – 41.3% of companies,
- machinery and equipment used from 7 to 10 years – 11.6% of companies,
- machinery and equipment used for over ten years – 5.3% of companies.

The data above seem to suggest that the technological potential of the companies in the municipal poviat of Koszalin is relatively good. Moreover, the data gives a picture of companies which try to keep up with market requirements, adjusting their solutions and machinery to new demands. However, strangely enough, 25.3% of the respondents were not able to determine the technology applied in the company, and 15.6% of respondents could not specify the technological state of the machinery used in their company. This might suggest that they did not want to admit to using in their companies outdated and old solutions which are generally disapproved of. This group cannot be firmly associated with the companies using the machinery

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and equipment older than 10 years. However, it can be assumed that a significant proportion of them are just such companies.

B. Market dimension of business – binding undertakings with their surrounding
The dimensions of the competitiveness of enterprises

The basis of staying on the market is the capability of firms of efficient management in terms of competition. It is important to understand the dimensions of a competitive activity. One of these factors is already the very point of economic initiative. For companies investigated in the City of Koszalin the choice of location for their activity was determined by:

- the residence of the owner – 40.0%
- the opinion that the City of Koszalin is a good location – 20.9%
- the availability of markets – 14.5%
- the availability of labour – 13,4%
- the availability of supply – 5,8%
- the matter of chance – 5.1%
- avalilability of supporting institutions – 0.2%

The predominant importance of subjective reasons for locating a business in the Poviat (the residence of the owner) for SMEs is obvious. However, other responses allow factors conducive to business. The investigated believe that one of the most important advantages of the Poviat is a good location, which probably relates to the availability of markets.

Another factor determining the market position of a company is its ability to obtain and maintain i.e. competitive advantages, namely the increase of the degree of independence from competitors and the gradual extension of the scope and field of activities. This is a very important nuance because the weakness of many companies does not lie in the weaknesses of the product or technology, but in the shortcomings of the process of transforming the knowledge and skills of a company into its competitive edge on the market.

The presented data show that companies in the municipal poviat of Koszalin seek to give such marketing elements as product, brand, image, the characteristics of a higher quality than the competition, while their potential clients being used to high quality – the strategy for building a quality advantage (fig. 5). The presented data show a big dispersion as for choosing particular categories, which may suggest a very individual perception of one's own competitiveness. Operating in the same area (city borders) does not seem to lead to building a common competitiveness platform.

It is worth indicating that to maintain the competitive advantages obtained, there should be taken some measures seeking also to strengthen the price and information advantages, which to some extent lacked among the investigated companies. Most of the surveyed companies estimate their level of competitiveness as that of a local scale – 57.9%. In the opinion of the respondents there are 22.3% of companies with competitiveness on the voivodship level, 9.9% on a national scale, and 4.4 % on the European Union scale. The remaining 4.0% cannot answer this question, or think that they are not competitive at all – 1.5%.

According to the respondents their main competitors are other local firms – 88.0% of indications, companies from Western Europe are seen as potential competitors by 3.6% of surveyed, national firms – in 2.2% of the cases, non-European countries 0.9%, no competition felt 0.9%, and 4.4% could not give any answer.

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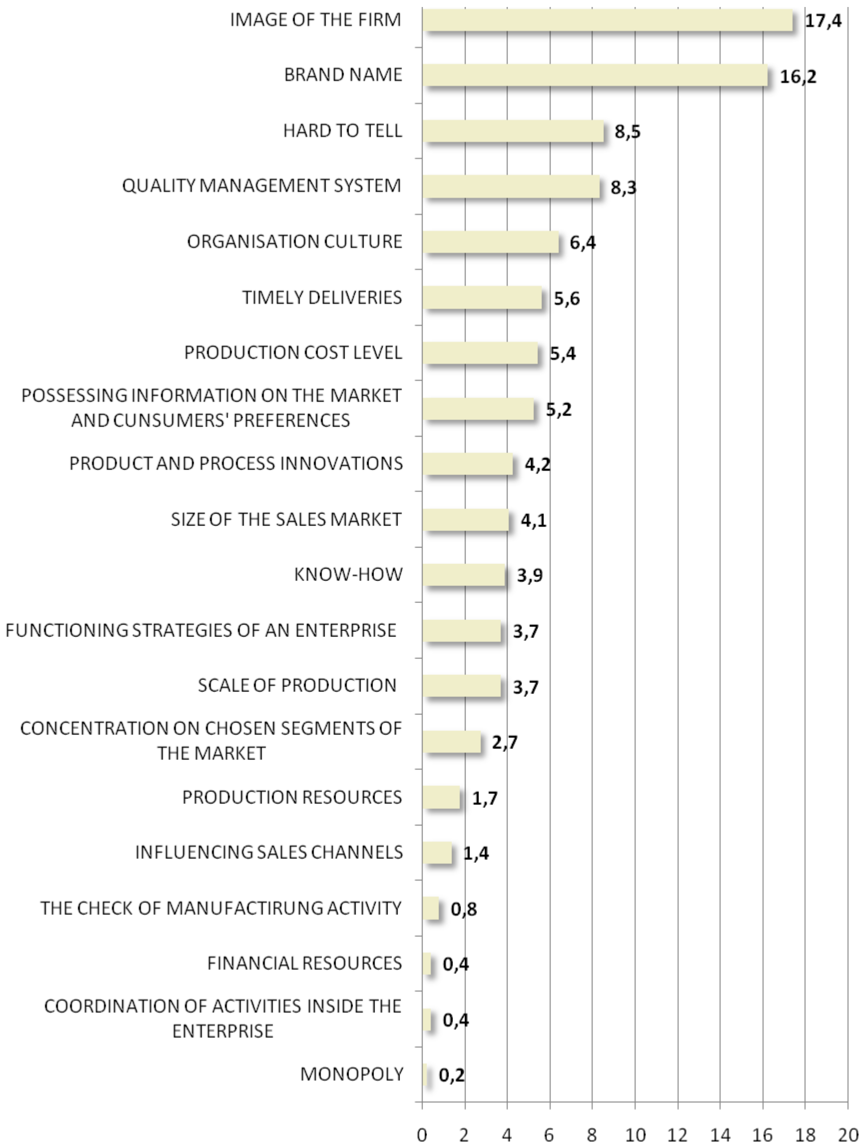
Fig. 5. The surveyed companies competitive advantage



Source: *Own research.*

As a result of continuous changes in the socio-economic ambience, business activity is not free from difficult situations or problems. Situations of this type are internal or external in relation to businesses. 17.9% of the surveyed companies declare that they encounter no problems in activities; however, the remaining 82.1% of the respondents are experiencing crisis or inconvenient situations.

Situations identified as problematic and external to the surveyed companies are mainly: (ranked by the number of indications)

- strong domestic and foreign competition – 13.6%

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- inadequate domestic demand – 13.6%
- heavy bureaucracy – 11.8%
- high load on the State budget – 10.2%;
- uncertainty of the overall economic situation – 10.2%
- a poorly developed technical infrastructure – 3.4%
- no concept of development for cities/municipalities – 2.9%
- insufficient foreign market demand – 2.3%
- the development of 'grey market' – 1,8%
- unclear and inconsistent legislation – 1,4%,
- large distance from the outlets and supply – 0,8%
- changeable currency exchange rates – 0.5%
- strict procedures of state control organs – 0.2%

The biggest difficulty for the surveyed businesses is learning to function in a free market economy, where experiencing strong competition mechanisms is a norm, and the inherent pressure and constant risks are unavoidable. Interestingly enough the surveyed expressed the opinion that they experience a lot of difficulties in their business caused by public institutions – in particularly such as: heavy bureaucracy and high taxation. This means that entrepreneurs need to deal not only with the pressure of the market, but also, in their opinion, frequent problems, generated by the State and its institutions.

Difficult situations that appear inside the surveyed companies are mainly: (ranked by the number of indications)

- difficulties in accessing funds necessary to operate – 4.3%
- the lack of qualified workers – 2.9%
- costs of employment – 0.7%
- lack of raw materials, pre-fabricates due to non-financial factors – 0.5%
- vindication – 0.5%
- problems with procuring UE funds – 0.2%

Another important consideration is an ability to take remedial measures in the face of escalation of a difficult situation, or a crisis. In the Poviat, the main practice in these situations are: reducing investment expenditure – 16.9%, reducing the level of employment – 11.5%; or in general cessation of investment – 9.8%, the re-organisation of the establishment 7.5%; the reduction in wages 5.4%; and sending employees to payless vacations 3.1%. reducing working hours in job contracts – 0.7%, and dismissals with changes to the terms of job contracts – 0.3%, lowering prices – 0.7%, change of assortment – 0.3%, higher caution – 0.3%, liquidation of the firm – 0.3%. This means that to a great extent, the reaction to crises is restricting any aspect of activity, which is a passive strategy. The only active method, mentioned by the surveyed, to deal with a crisis was investing in more dynamic advertisement – 0.7%, other forms were not practised by the respondents in the poviat in question. It is worth recommending to take active stategies which to some extent secure against the consequences of volatile environment. Evidently the worst tactics is to take no concrete action in the face of a crisis, which was done by 29.8% of the respondents. Additionally, 12.2% could not at all define any ways of dealing with a crisis. This means that 42.0% of the surveyed apply a classical 'ostrich strategy' consisting in 'waiting for poor prosperity to pass by'. It has, however, no essential cognitive values and ultimately results in taking a passive approach.

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Assessment and the forecast of future prospects of companies

The subjective experience of entrepreneurs during the last six months of running a company allows the diagnosis of the firm's situation on a local market. And so, 52% of the surveyed conclude that the situation of the company during the last 6 months has not changed, 16,4% say that it has clearly improved, but the opposite opinion was voiced by 28.5% of the surveyed, and 3.1% couldn't answer this question. It is clear that the assessment of the socio-economic conditions depends on one's own subjective business experience, gained in the market.

The most important factors causing the deterioration of the situation of companies are:

- the decline in demand for the item and service – 70%
- increase in fuel prices and energy – 3.8%
- increase in prices of materials and raw materials – 6.3%
- the change of the euro/zloty rate – 5.0%
- crisis – 3.8%
- the competition – 2.5%
- more caution on part of investors 1.3%
- ambiguous laws – 1.3%
- financial problem of the suppliers – 1.3%
- hard to tell – 5.0%

As for the factors benefiting the situation of the company the respondents mentioned:

- the demand for goods and services – 75.0%,
- euro exchange rate – 5.0%
- prices of materials and raw materials – 2.5%,
- the quality of provided services – 2.5%
- stable staff – 2.5%
- increase in product prices – 2.5%
- the change of the manager – 2.5%
- the change of staff – 2.5%
- hard to tell – 5%

From the received answers one can draw a rather ambiguous conclusion – the same categories are indicated as the main cause of the deterioration of the situation and then as improving it. The apparent contradiction which is inherent in these statements can be probably caused by the dynamics of the developments on the market – individual companies have diversified skills to cope with the developments in economy – some can use the skills for development, others cannot. The observed situation might be also related to the diversification of industry and different location of individual companies, which affects their market situation.

The assessment of functioning of a business is determined to a great extent by the condition of the environment in which it operates. Thus, another important issue is to examine the surveyed in the context of economic situation in the voivodeship. In this respect there are more pessimists 47.6% claiming that for the last 6 months the situation deteriorated, with a small group of optimists 6.7% claiming some improvement. At the same time, a big group 44.9% claim that in the last 6 months economic situation did not change. Such a big divergence of opinions seems to be caused by high subjectivity of business experience in the market. If a firm prospers effectively, its propensity to positive opinions on the environment it operates in is bigger (and vice verse).

Forecasts for the next 6 months are more optimistic. According to the biggest group 48.9%, the situation in the voivodeship will not change. The number of pessimists expecting deterioration fell, as compared to the previous period,– only 15.1%. And that of optimists rose to 16.4%, and 19.6% still could not answer this question.

The next variable on which the market dimension of business development should be described is the dynamism in the demand for services/products. An attempt to observe changes in this area includes a comparison of the data in relation to the period last year. And so 16.1% of the surveyed anticipate increase in demand, 36.2% – expects its fall, and 42% believes it will remain on the same level. The remaining 5.8% of respondents did not know how to estimate the changes in the context of the past year.

The surveyed forecast also changes in the demand for services and products in the context of the same period next year. The obtained data of this indicator show a clear change of situation, the percentage of those who predict growing trends in demand – 27.6%, and a shrinking group of those anticipating a fall in demand – 6.2%. A relatively big group, 40.4% (similarly like in the previous period) believe that demand will stay unchanged. Also, the number of those who could not estimate the changes grew (from 5.8% previously to 25.8% in respect to the future period), which clearly suggest that the situation on the market is so dynamic that it is not possible to predict any changes.

One of the major factors determining the development potential of companies is the level of investment. It is obvious that in order to strengthen the position on the market, and not to be outstripped by competition, a company must take pro-developed actions, one of these types of actions are investment projects. It is considered that investments are the primary factor in economic development, both in relation to specific businesses and to the local or regional development. The benefits of adequately realised investments are obvious and usually mean strengthening the position of the company on the market. No investment always results in the stagnation and disappearing from the market.

The primary (though not the only) way to invest is increasing the resources of tangible fixed assets of the company. In this regard the companies of the Poviat of the City of Koszalin present adversely, because in 46.1% of the surveyed companies investment expenses did not exist, but the companies of the Poviat of Koszalin which do invest usually choose the following goods – ranked by the multiplicity of indications:

- equipment (furniture, appliances) – 31.6%
- vehicles – 11.5%,
- buildings, land – 10.8%.

The value of expenditure incurred on development activities in the first half of 2009 indicates that some companies have limited resources for necessary equipment and investments (fig. 6). Nearly third of them (35.6%) pointed out that the expenses incurred were in the bracket to PLN 5000, similarly 38.6% spent sums from PLN 5 000 to PLN 50 000, and from PLN 50 000 to PLN 500 000 – 15.8%, and over PLN 500 000 – 7.9%. Without doubt, this suggests a small scale of their operations and the lack of resources for company development.

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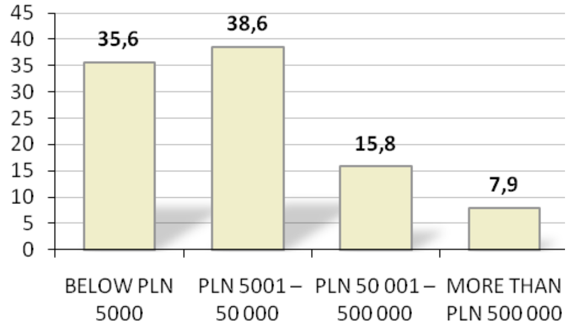
Fig. 6. The structure of the value of expenditure incurred on development activities in the first half of the year 2009



Source: *Own research.*

The respondents also forecast possible investments in the course of the next six months. The resulting data are worrying. Up to 40.2% of the surveyed companies do not plan over the next six months of 2009 to have expenditure for the purchase, lease, lease either for refurbishment of vehicles, equipment or property. 32.1% do have such an intention, and 27.7% cannot answer this question. If the respondents are aware of the importance of investment, there is a serious risk that no effort of this type will result in stopping the growth of existing fixed assets of the company.

On the basis of subjective experience respondents also made a forecast for the situation regarding their own company for the next 3 years:

- the situation of the company will be similar to the present 36.9%
- it will be better than today 21.8%
- the company will fail in liquidation 4.4%
- the company will be worse than at present 4.0%
- it's hard to tell 39.6%

A worrying signal from the analysis of the compiled data is that a significant number of companies (32.9%), which are not in a position to evaluate prospects for development in relation to the relatively near future. Therefore, their self-awareness as well as position on the market and the very existence might become questionable.

Forms of co-operation and linkages in terms of economic interoperability

One of the main objectives of traders is to use strategies enabling company development. In this respect there are strategies to increase internal and external growth. They are usually used by enterprises together/parallel. Partnerships and networking economic links between enterprises can be included to external growth strategy, and as regards its duration and the dimensions, it can be short or long-term cooperation and may be more or less developed.

In this regard the Poviat of Koszalin compares rather unfavourably. The following data show that most companies operating in the discussed region do not have economic ties within local or global networks. The overwhelming majority – 74.9% of the surveyed companies do not co-operate with other entities. In respect of the remaining 25.1% of the companies that undertake to cooperate with other firms, they do it with: companies operating in the region (6.6%), consultancy companies (4.5%), Government units (3.3%), self-governing units (2.5%),

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non-governmental organizations (1.6%), innovation institutions (0.4%) entrepreneurship incubators (0.4%) and local authorities (0.4%).

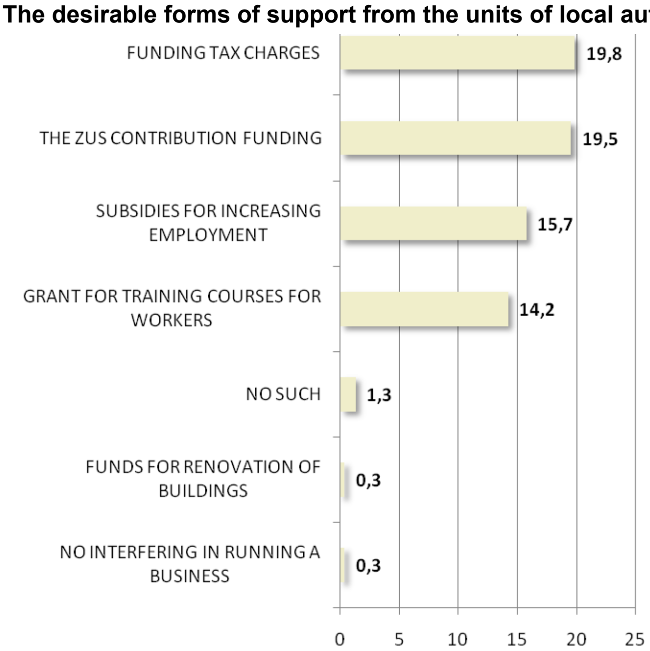
Another important issue is applying by entrepreneurs different forms of cooperation with companies in the region. The vast number of indications from the 9.9% of those cooperating with others do it in the forms of: joint venture – 5.4%. The rest as syndicate 0.4%, an association – 0.4%, commercial subsidiary 0.4%. Moreover, additional forms of cooperation are: a mutual provision of services 0.4%, exchange of goods 0.9%, subcontracting for providing services 0.8%.

The lack of common conditions and arrangements for economic interoperability may lead to a decline in the importance of individual businesses especially in intensified competition. Complementary capacities of individual companies could be – on the basis of synergy – more efficient than the sum of their individual potentials.

In addition, the potential of the companies from the Poviat is distorted owing to the low use of support from public institutions. The vast majority – 77.6% of the respondents declare that they do not use any available forms of support, the remaining 22.4% of companies benefited from: the increase of employment in the company (10.1%), trainings and courses for employees (2.2%), funding the ZUS contribution (0.9%), funding for setting up a business (0.9%), funding tax charges (0.4%) and funds for co-financing the purchase of machinery and equipment (0.4%).

The above date are for the last 3 years, so they show a negative picture. The essential question is whether the absence of obtained support is the result of entrepreneurs' passivity, or rather the very limited availability of support from public funds. To expand this issue the respondents were asked, what form of support from local authorities would positively affect the activities of enterprises, but 28.9% of the surveyed did not give an answer to this question. While among the respondents who made a choice for the preferred forms of support, the most important are the following: funding tax charges (19.8%), funding the ZUS contribution (19.5%), subsidies to increase employment (15.7%) and grants for training courses for workers (14.2%).

Fig. 7. The desirable forms of support from the units of local authorities



Source: *Own research.*

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The extent of economic exchange

The economic exchange in the EU takes place on a common internal market, which, firstly, covers the entire EU territory and, secondly, is based on the principle of the four freedoms: the movement of goods, persons, services and capital. You can therefore conclude that analyzed districts participate in this area on the principles of free competition.

Economic exchange conducted by members of the trade in the discussed Poviat is limited spacewise – 86.2% of the surveyed companies did not have any international exchange experience, 7.6% of them had some goods or services export experience, 5.3% of them had goods or services import experience, and 0.9% export-import of goods or services. If the companies do export their products, they sent them mainly to: Germany (33.3%). The other countries of the EU which were mentioned are: France, the UK, Italy, Russia, Ukraine and other UE countries.

The forecasts for export volumes in the context of the next six months are as follows: by 21.1% of the surveyed – the export level will increase during this period, while the opposite view is held by 15.8% of the surveyed. A large group of respondents (42.7%) think that exports will remain unchanged and 21.1% cannot predict the trends in export.

Innovation in enterprises

As already mentioned the competitiveness of enterprises is determined by many factors of the external and internal nature. The first group of factors includes such as: State policy and the condition of the available infrastructure, to other group includes the internal factors, e.g.: the type of management, held capital, modern techniques and technologies, the quality of manufactured products and innovation. Innovation is exceptionally merit-type of a factor for development, since it determines not only the pace and directions for economic development on an individual scale, but on a local, a regional and an international scales as well.

The innovation rate in business in the area of the Poviat of Koszalin is low, because only 11.6% of companies declare that in the period of 2007-2009 they have applied some innovations, the remaining 88.4% did not take any innovative actions. In respect of the companies which applied some form of innovation, the source of their innovation was: (listed due to the declining number of indications):

- purchase technology – 65.6%
- introducing innovation by partner/ co-owner – 15.6%
- copying ideas and solutions from competition – 6.3%
- purchase of licenses – 6.3%
- purchase of research results prepared by R&D institutes – 6.3%

The above data show that the companies in the region do not have their own resources to develop their own innovations. On the other hand it is worth noting that the most common way of implementing innovation, and reported by the firms in the Poviat of Koszalin – ethical, although certainly financially stretching – is the purchase of technologies.

The surveyed also defined the barriers in implementing innovations. The main reason for applying innovation on such a small scale is the inability to finance innovative businesses – 31.4% of answers, too large risks associated with the implementation of innovation – 11.8%, and next the lack of potential interest in new products/services from client – 6.8%, the lack of need for innovative solutions – 2.7%, and bad laws – 0.5%. Unfortunately, up to 45% of the

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surveyed were unable to diagnose the reasons for which innovation was hampered or impossible.

Activating entrepreneurs of the Poviat in question has more chances of success, in the context of co-operation with other entities for taking innovative actions. Noticeably, the pace of growth of innovation and new technologies in an enterprise and a region are determined, among others, by the volume of institutional funding on research, development and innovation.

In this regard, over half of the surveyed – 57.4% do not have any expectations and 15.2% cannot answer this question. And therefore 72.6% of all respondents of the Poviat of Koszalin have no basic knowledge on the role of cooperation with other entities in the field of innovation. Other answers (27.4%) prioritized their expectation as to simplifications in making contacts and developing cooperation as follows: 9.4% for the creation of programmes to promote technological development at the level of municipalities, 6.3% then indicated the need to build a system of information on technological needs of companies, the next 4,7% showed the need for improving the quality and suitability of offers for companies prepared by units B+R, 4.3% the need for building an information system on the offers prepared by units B+R, 2.7% the need for building institutional infrastructure for intermediation and transfer of technologies.

Considering that only 27.4% of respondents answered the question the knowledge in this area seems to be much to low, and underestimating innovation appears to be caused by the delays in economic development of the poviat in question.

As for the use of modern multimedia tools, the companies operating in Koszalin show favourably, 92% are using modern IT systems like the Internet. The firms form this group of respondents possess their own web sites, and e-mail accounts. Only 8% of the surveyed so far have not used multimedia tools like the Internet.

Applying for and utilising funds from the EU

The issue of competitiveness of Polish companies in EU markets is the result of the accession of Poland to the European Union structures. The development of activities boosting the performance of Polish companies on those markets is possible by using extra resources that are not always in the possession of micro and small enterprises. One way of obtaining such resources is by applying for various EU funds.

The emerging picture is somewhat alarming. 80.5% of the surveyed companies in the Poviat of Koszalin have never been using EU structural funds. The remaining 20% have used them mainly for: the development of technical infrastructure – 4.2%, to increase their employment – 42%, to raise the quality of potential staff – 3.0%, purchase of land and real estates – 1.7%, while 6.4% of the surveyed cannot answer whether, and if so, on what the company has spent the EU structural funds.

The presented level of the use of funds in 49.3% of cases stems from the lack of interest in this type of support. Interestingly enough, more than half of respondents 50.7% do not want to benefit from EU structural funds. The entrepreneurs who did use EU grants defined the barriers limiting their effective gaining the resources (the following factors are organized by declining importance):

- bureaucracy and ambiguity of EU request forms – 25.7%
- limited access to information about programs – 12.0%,
- the necessity of own contribution – 11.5%,
- short term preparation – 9.0%,

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- costs of preparing the application – 8.2%
- the criteria to be met when applying for funds – 0.5%
- we can not apply – 0.5%
- lack of suitable programmes for a certain branch – 0.3%
- time consuming procedures – 0.3%
- uncertainty of receiving the funds and high application expenses – 1.1%
- hard to tell – 8.5%

As shown above, the previous experience of the entrepreneurs in the Poviat of Koszalin with applying and using EU structural funds is not very positive. A significant proportion of the companies, indeed, have no experience in this respect. However, they do not seem to be building their competitive position on the basis of their own funds or funds other than those from available EU sources. It appears that the lack of interest arises not from an excess of their own resources, but rather from the excess of hidden barriers, fears and the lack of knowledge by entrepreneurs in this respect. It seems that despite the difficulties with going through application formalities – from the positive assessment of the investment project to the moment of receiving the refunds to cover expenditure – the awareness of the necessity and effectiveness of this type of activity seems to be rising. So far, however, this can be said only about very few among the surveyed firms.

Summary

The assessment of the socio-economic situation of the Poviat of Koszalin in the period of 2004-2008, allows the identification of these areas of social activity which may influence the situation of entrepreneurs in the Poviat, and also have a huge impact on the development of entrepreneurship and the pursuit of innovative activity by local businesses.

The basis for all processes in the district is its demographic potential. With this respect in the investigated period the following processes were observed:

- a slow decrease in population caused by outflow of people from the region;
- changes in the population age structure – a permanent decease of the percentage of persons aged 0-14 years and the increase in the population aged 65 years and over
- the decline of the population in the pre-productive age, and the increase of the population in the working age and in the post-productive age.

Enterprises operating in the Poviat are seen as a strategic partner of the labour market – mainly because of the possibility of creating new jobs. Also labour market processes cause some feedback in the economy, and thereby changes in the level of entrepreneurship. Therefore, some attention should be drawn to the following aspects of the labour market:

- the increment of the rate of the number of working for 1000 people, which can suggest greater employing propensity of firms, and a sustainable socio-economic development,
- the growth in average monthly gross salaries,
- a systematic decline in the number of unemployed people, being one of the lowest in the voivodship (3-rd place).
- the deficit jobs in 2008 were the following groups: vocational teachers and instructors, gardeners, machinery operators and assemblers, mining, industry and construction auxiliary workers, managers of big organisations, extractive and processing machinery operators,

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There was a balance in the case of the following groups: teachers, precise mechanics workers, ceramics, printing, money transfer workers and client services. The highest surplus was to such groups as: supportive workers in agriculture, farmers and fishermen working for their own needs, farmers, gardeners, foresters, and market oriented fishermen (mainly due to a municipal character of the poviat)

It can be said that the Poviat reached the level of economic development that would reflect its resources and its full potential. Still, there were clear indications of the economic upturn, evident from the analysed economic indicators like:

- growth in the number of economic subjects, especially so important for economic growth commercial partnerships,
- increase of the industrial production sold
- the increase of the Poviat's participation in creating voivodship value sold,
- the increase of investments in companies (up to 79.7%)
- higher than in 2004, the gross value of fixed assets,
- the level of revenue and expenditure per capita which gave the poviat 3rd and 2nd place in the voivodship respectively.

Another conclusion from this analysis is that the development of entrepreneurship in the Poviat will be based on the buoyant and dynamic sector of small and medium-size enterprises.

The characteristics of companies located in the Poviat, allows to indicate some specific features for this group. The surveyed firms are engaged primarily in service sectors, with a dominating role of commercial activity. The commonest are microenterprises, registered in the form of a natural person establishments, but also other forms of business activity (like all kinds of partnerships). A significant proportion of the structure of the surveyed companies have enterprises with previous experience in business, which are present in the market for over 8 years. Employers' demand for workers focuses mainly on people with professional experience in a given field, or with a matching secondary technical education. This means that the local companies generate demand for both qualified manual workers and those with special qualifications as well.

The assessment of prospects for the changes in the labour market is not clear-cut, both as regards short-term projections (3 months) and medium-term (12 months) – indeed waiting attitudes prevail. Although in the past period there were more job reductions, the expectations for the future are a bit more optimistic, for more firms expects to employ more people that dismiss.

Considering the respondents' answers, it can be concluded that business activity is hampered by both market factors (strong competition, limited demand) and administrative factors (high load on the State budget, too heavy bureaucracy) and positive examples of the support obtained from public institutions were rare. From the voices coming from representatives of companies it is clear that for most of them the State (and its different agencies) does not have any interesting forms(or at least it is not known) of supporting business enterprising. Generally the company's focus is primarily on consolidating its place on the market, and the co-operation and partnership with other enterprises or public institutions are rare occurrences.

One of the most serious problems defining the situation of the companies from the Poviat are the prospective limits on the expenditure for business development. One of the consequences of small financial resources available to most of the surveyed companies is a small share of innovative solutions used in businesses.

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It should be noted that the situation of companies and their prospects for development should not be seen solely in the context of economic considerations. When planning activities whose purpose is to support the development of the economy, you must also take account of social phenomena. It seems that the key problem areas include: the relationship of employers with their employees, as well as with public institutions, and the business environment. It seems to be advocating some action aiming at changing the mindset, the mentality of many entrepreneurs and executives – also in relation to practical aspects of running a business, management, strategic planning, etc. It is also noted that there should be some breakthrough in antagonisms occurring now between the main actors on an economic stage (e.g. entrepreneur-workers, entrepreneurs-officials, entrepreneurs-banks).

On the basis of this study, the following recommendations can be suggested:

1) in each group of companies, chosen according to the number of employees, it will be necessary to apply separate solutions taking into account the internal differentiation of SMEs, particularly in relation to micro-enterprises, which are the most numerous, and which operate to much different rules from those of small and medium companies;
2) a series of institutional and procedural barriers need removing in the process of setting up and running a business both at national and local levels;
3) it is necessary to conduct a comprehensive information policy (internal and external) on the measures being taken by public bodies, on actions aimed at promoting economic activity, at collecting and sharing information about the possibilities of obtaining financial resources on social, economic, and infrastructural undertakings (e.g. for financial assistance from European programmes, various national funds etc.);
4) due to the low level of innovation in the investigated companies, there should be taken some action aimed at promoting the issues e.g. by organising trainings on: opportunities for development through innovation (including visits to innovative companies), and for each branch there should be created a list of examples of innovative solutions that are easy and can be quickly put into practice – the offer should be based on the principle: see and apply.

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Summary

The evaluation of the socio-economic situation of the Subregion Koszaliński and the level of entrepreneurship of its businesses is ambivalent. Although the subregion takes the lead in many socio-economic aspects of life in the Zachodniopomorskie Voivodship, it has not yet reached the level of economic development which would correspond to its all available resources and its full potential. It should be remembered that the subregion is not a coherent area and any changes in the market do not occur in all poviats with the same intensity and at the same pace. Within the subregion there are three noticeable poviats: Kołobrzeski, the City of Koszalin and Szczecinecki, which have big cities being centres of development in post industrial societies. The job market develops more dynamically in cities, businessmen invest here more often, because they have technical and social infrastructure necessary for the development, and they also have more educated work force. In the rest of the poviats, the pace of changes was not so satisfactory.

Considering the level of saturation with businesses in the subregion, it can be said that it is a well developed industrial area compared to that in the voivodship. The subregion has the biggest number of registered businesses in the whole voivodship, and the highest saturation of firms for 1000 people. In this respect three poviats seem to dominate: Kołobrzeski, the city of Koszalin with its surrounding and Szczecinecki. Not only is the concentration of firms here the biggest but the number of newly registered firms in the REGON register each year is the highest. Notably, in all poviats (except Wałecki – fall in the number of businesses) there was a rise in the number of businesses, with business partnerships in particular. The situation on the job market improved significantly in the city of Koszalin. Positive changes, i.e. the drop of unemployment and the number of unemployed and an average pay rise and the employment rate for 1000 people were observed in all poviats, whereas the unemployment rate in rural areas fell only in the Poviats of Drawski and Sławieński. The growth of fixed assets grew nearly in all poviats (except Drawski). The barrier for development can be low revenues and expenses in the budgets of territorial units in the poviats: Wałecki, Sławieński or Drawski. A positive development regarding the whole area is a rising tendency of the DGP in the subregion, and the gross added value. However, there is a slight difference in the structure of creating the gross added value in comparison with the voivodship.

From the data gathered in the course of our research the following conclusions can be drawn. Due to significant differences in business activity done in different poviats of the subregion Koszaliński, it is difficult to find a common denominator characterising the subregion's economy, which seems to be internally varied and full of untypical and unique conditions prevailing in different poviats of the subregion. This variety is also mirrored in the structure of business classification according to the Poland's Code for Activities (PKD) (fig.1). Notably, in some poviats there are firms operating in the categories which are not so intensely represented in other poviats (for example H – Hotels and restaurants in Kołobrzeski, Koszaliński and Sławieński). On the other hand, the saturation of a poviat with firms leading varied activities, or the opposite, with one or two dominating business fields (e.g. G – Wholesales, and retailing; repairs of cars, motor bikes, and personal and household appliances, and section D – Industrial processing in Szczecinecki and Świdwiński poviats).

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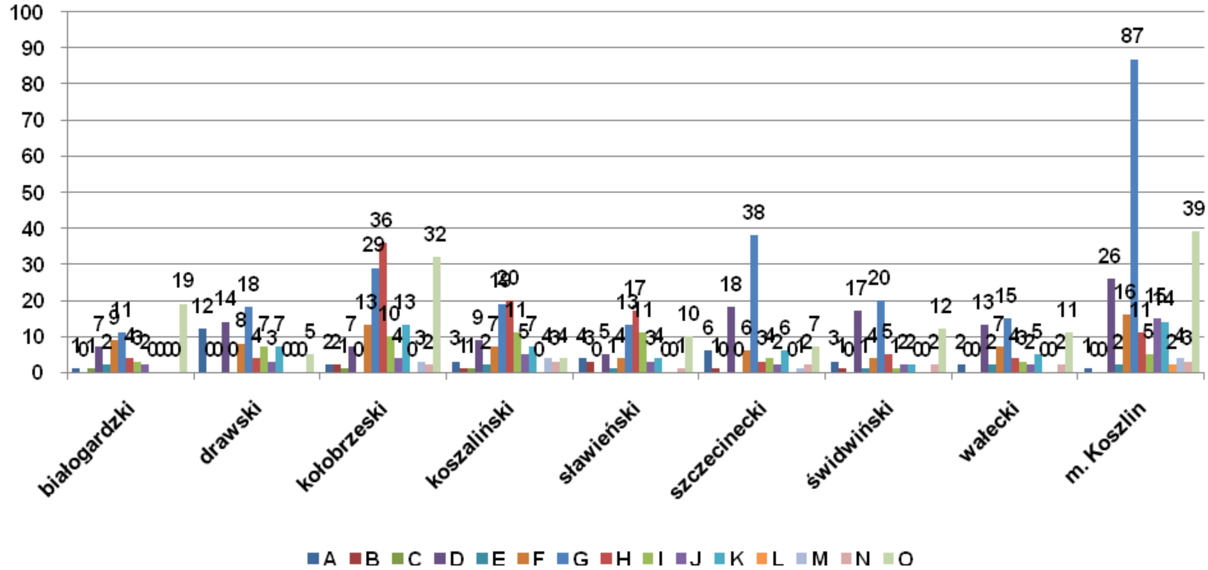
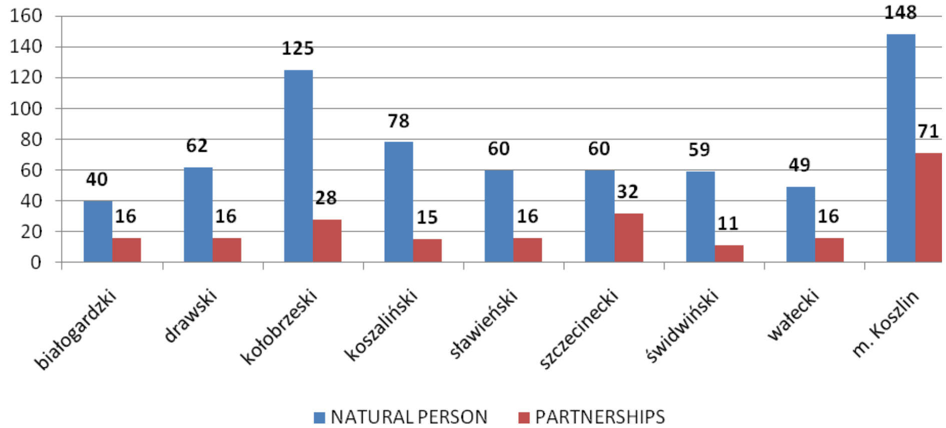
Fig. 1. The structure of business activity of firms in different Poviats in the Subregion of Koszaliński according to the sections of the PKD (data in absolute values)



Source: *Own research.*

The maturity of a local economy is indirectly visible in the legal form under which businesses operate – the presence of partnerships is always perceived as a symptom of passing from an initial stage of development to that of greater stability and finally to greater level of develoment. As mentioned before, the Poviats with big cities are clearly visible among the others. Also in this compilation, the porportion of the firms registered as partnerships to those regestered as individual businesses is the most favourable in the Poviat of the City of Koszalin and that of Szczecinecki (fig. 2)

Fig. 2. The structure of firms in different Poviats of the Subregion of Koszaliński according to legal forms of business activity (data in absolute values)



Source: *Own research.*

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The presented data illustrate the variation of the subregion's economy. However, identifying its specificity aims at applying an efficient and justifiable intervention, whose objective is to strengthen the economic system of particular territorial units.

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CONCLUSIONS AND RECOMMENDATIONS

The *desk search* analysis leads to the following conclusions: the region of the Zachodniopomorskie Voivodship is significantly varied in terms of its socio-economic development. This may lead to further economic development disproportions in the future. It has been observed that the voivodship has some Poviats with big municipal centres which attract both well qualified labour and businesses and thereby intensify the marginalising of other areas.

Owing to this analysis it will be possible to formulate conclusions to the evaluation of the socio-economic situation in the Zachodniopomorskie Voivodship in the following areas:

- its demographic potential,
- the diagnosis of the job market,
- entrepreneurship,
- production sold in industry,
- investments and fixed assets,
- budgets of the local administrative units.

Demographic potential

Demographic potential seen as a substitute for many socio-economic phenomena can have a stimulating or a hampering effect on the pace of development processes. Changes in the structure of population are shaped by three factors: the birth rate, the death rate, and the size of migration. The last factor can cause a population either to get older or younger depending on the age of the migrants. Migrants, however, are rather from young age groups. Consequently, the migration destination areas are becoming younger and the migration source areas older. As for the deaths, their influence on the age of a population boils down to the problem of which age groups have lower death rates and have a bigger share in the total population. However, the main factor causing changes in the age structure of a population is the birth rate. The number of children born, if high, gives a bigger share in the total population, and, if low, gives rise to the increased share of older age groups – so characteristic for ageing populations.

The analysis carried out in this research leads to some conclusions regarding the demographic potential of the Zachodniopomorskie Voivodship:

- in most of the Poviats, as in the whole voivodship, there was a fall in population caused by the outflow of people to different Poviats of the voivodship or to other regions in the country. Only in the Poviats Kołobrzeski, Koszaliński, Goleniowski, Gryfiński, and Policki in comparison to 2004 the population increased.

- a negative birth rate was noticed only in municipal Poviats.

- the age structure in all Poviats was dominated by the 15-64 age group. The tendencies in recent years show a continual fall in the 0-14 age group and a rise in the 65-plus age group. The increase in the 65-plus age group and its growing share in the total population suggest intensifying demographic ageing processes.

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- an important measure of the labour resources is the percentage of people in different age groups: in pre-productive age, in productive age, and post-productive age. In most Poviats in recent years there was a fall in the share of the pre-productive age and a rise in productive and post-productive ages. An exception to this rule was observed in municipal Poviats, where in the analysed years, there was a drop in the share of the productive age group. According to demographic forecasts for 2010-2035, this period will be less demanding for economy because the pressure of creating new jobs, that coming from the increase in job supply, will be far smaller, due to the drop in the share of the productive age group;

- owing to the fact that official statistics is able to measure only formally registered migrations within the country and outside the country, a full observation of migration processes is very difficult. It can be, therefore, inferred that the statistical picture of migration is only a fraction of a bigger picture illustrating migration in Poland. Thus, analysing the data on internal and external migrations, only certain directions of such movements can be described. It is not possible on the basis of these registered migration movements to estimate a quantitative scale of the investigated phenomenon. In such circumstances, analysing registered migration processes, it is especially important to use averaged data for longer periods. This approach enables to increase the validity of the results on current trends and their spatial occurrences. According to forecasts for upcoming years in the Zachodniopomorskie Voivodship, there will be a continual outflow of people. A positive migration rate in 2008 was in 6 Poviats: Goleniowski, Kamieński, Kołobrzeski, Koszaliński, the City of Świnoujście, and Policki where it was the highest. A high migration rate for an area is often believed to mirror its higher living standards than in areas where it is low.

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Tab. 1. Demographic potential rates for the Poviats in the Zachodniopomorskie Voivodship in 2008 r.

SPECIFICATION	Population density for 1 km^2		Birth Rate for 1000 people		Migration Balance for 1000 people		Pre-productive age share in %		Post-productive age share in %	
		position		position		position		position		position
VOIVODSHIP	74	x	1,1	x	-0,8	x	19,1	x	15,0	x
poviats										
Białogardzki	57	8	1,7	7	-2,4	13	21,4	2	14,1	10
Choszczeński	37	15	1,6	8	-3,0	15	20,9	6	14,1	10
Drawski	33	17	0,0	15	-5,3	18	20,5	9	13,9	12
Goleniowski	49	10	2,7	3	1,5	3	21,1	4	13,0	16
Gryficki	60	7	1,5	9	-2,8	14	20,9	6	13,4	15
Gryfiński	44	12	2,8	2	-2,1	11	20,9	6	13,0	16
Kamieński	48	11	0,6	13	0,9	6	19,1	13	14,2	9
Kołobrzeski	106	4	1,2	11	1,1	4	19,5	12	14,9	5
Koszaliński	39	13	1,9	6	3,1	2	21,7	1	12,1	17
Łobeski	36	16	2,8	2	-3,0	15	20,6	8	15,1	4
Myśliborski	57	8	1,0	12	-1,6	9	20,3	10	14,2	9
Policki	102	5	5,8	1	16,0	1	21,0	5	9,6	18
Pyrzycki	55	9	1,5	9	-2,1	11	20,7	7	14,5	7
Sławieński	55	9	2,3	4	-2,2	12	21,7	1	14,0	11
Stargardzki	78	6	2,0	5	-1,3	8	20,0	11	13,8	13
Szczecinecki	44	12	0,5	14	-1,9	10	21,1	4	14,8	6
Świdwiński	44	12	1,7	7	-3,7	16	20,5	9	14,3	8
Wałecki	38	14	1,3	10	-5,0	17	21,2	3	13,6	14
cities with the status of a Poviat										
Koszalin	1286	2	-0,3	16	-1,0	7	15,7	16	17,7	2
Szczecin	1354	1	-0,5	17	-1,9	10	15,9	15	17,9	1
Świnoujście	207	3	-1,1	18	1,0	5	16,1	14	16,9	3

Source: *Own analysis based on the data from the Central Statistical Office.*

Job market diagnosis

The analysis of the job market situation allows to observe a series of positive developments, which occurred in the analysed period in all Poviats of the voivodship – a fall in the number of unemployed registered in Poviat and Voivodship Work Centres, the drop in the registered unemployment or a rise in the average gross pay. The mentioned before inhomogeneity of the voivodship also refers to the job market – which is discernible in most of the figures cited in this document. Basing on a detailed characteristic of the job market in the Poviats, one can observe a spatial differentiation in the following variables:

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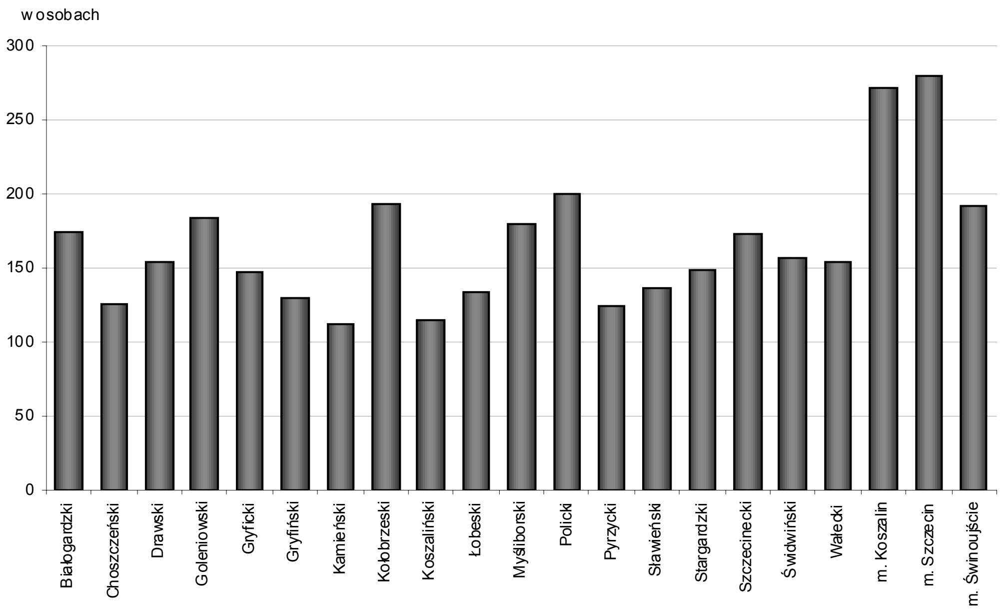
o the number of employed for 1000 people was the highest in the following Poviats: the City of Szczecin, the City of Koszalin, and also Policki, Kołobrzeski and the City of Świnoujście. The lowest employment was in: Kamieński, Koszaliński, Pyrzycki, Choszczeński, and Gryficki;

Fig. 1. The employed in national economy for 1000 people in the Poviats of the Zachodniopomorskie Voivodship



Source: *Own analysis based on the data from the Central Statistical Office.*

o the biggest percentage of people working in businesses with more than 9 people in agricultural sector was in the following Poviats: Pyrzycki, Choszczenski, Koszaliński, Sławieński, and Gyfiński. People working in industrial sectors were in the majority in the following Poviats: Policki, Goleniowski, Łobeski, and Myśliborski. The biggest percentage of those working in services was in municipal Poviats (Świnoujście, Szczecin, Koszalin), and also in the Poviat: Kołobrzeski, Kamieński and Gryficki;

o the average monthly gross salary higher than in the voivodship was in the Poviats: Policki, Szczecin, Gryfiński, and Świnoujście. The lowest salaries were in firms from the Poviats of: Świdwiński, Pyrzycki, Sławieński, and Łobeski.

o the registered unemployment rate lower than 13.4% (the figure for the Zachodniopomorskie Voivodship) in 2008 occurred in five Poviats: Szczecin, Świnoujście, Koszalin, Kołobrzeski, and Policki, and it was 13.4% in Myśliborski. The areas with the highest unemployment were the Poviats: Białogardzki, Łobeski, Drawski, Szczecinecki, and Świdwiński.

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Tab. 2. Job market indicators in the Poviats of the Zachodniopomorskie Voivodship in 2008 r.

SPECIFICATION	Percentage of employed in agriculture in % in 2007 r.	position	Percentage of employed in industry in % in 2007 r.	position	Percentage of employed in services in % in 2007 r.	position	Unemployment rate in % in 2008 r.	position	Average month gross salary in 2007 r.	position
VOIVODSHIP	11,8	x	30,9	x	57,3	x	13,4	x	2615,83	x
poviats										
Białogardzki	14,3	16	41,0	5	44,7	11	28,4	21	2194,67	16
Choszczeński	34,2	2	20,8	20	45,0	10	22,4	14	2228,60	12
Drawski	20,5	8	36,1	6	43,4	12	23,9	19	2158,84	17
Goleniowski	16,8	13	46,9	2	36,3	19	15,0	8	2450,32	7
Gryficki	19,1	12	24,3	18	56,6	6	22,8	15	2203,07	15
Gryfiński	25,8	5	30,9	10	43,3	14	17,8	11	2928,92	3
Kamieński	24,3	6	15,0	21	60,8	5	23,1	16	2209,45	13
Kołobrzeski	12,5	17	25,0	17	62,5	4	9,6	4	2336,90	9
Koszaliński	29,9	3	26,8	15	43,4	13	21,6	12	2296,30	11
Łobeski	19,5	10	42,3	3	38,2	18	23,9	20	2124,98	18
Myśliborski	19,8	9	41,4	4	38,7	17	13,4	6	2206,57	14
Policki	4,3	18	59,7	1	36,1	21	12,8	5	3035,02	1
Pyrzycki	34,8	1	29,1	13	36,1	20	22,0	13	2112,50	20
Sławieński	28,9	4	29,7	11	41,4	16	15,7	9	2124,21	19
Stargardzki	19,5	11	29,6	12	51,0	7	14,9	7	2322,96	10
Szczecinecki	15,5	15	35,7	7	48,8	9	23,3	18	2569,09	5
Świdwiński	22,0	7	35,1	8	42,9	15	23,2	17	2075,56	21
Wałecki	16,0	14	34,8	9	49,1	8	16,2	10	2383,47	8
cities with the status of a Poviat										
Koszalin	0,7	21	29,1	14	70,2	3	8,2	3	2534,90	6
Szczecin	0,9	20	25,6	16	73,5	2	4,2	1	2975,73	2
Świnoujście	1,0	19	21,1	19	77,9	1	8,1	2	2666,05	4

Source: *Own analysis based on the data from the Central Statistical Office.*

Entrepreneurship

Success or the lack of it in economic development of a region is determined by the situation in firms. Determining business activity for the Zachodniopomorskie Voivodship was possible by using a set of indicators which enabled to formulate general conclusions for the whole voivodship and to show the spatial inhomogeneity of business development in the voivodship. Among general tendencies observed in the voivodship, those worth mentioning were:

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- economic development of the voivodship must be based on the strong and dynamic sector of SMEs where the changes were the biggest. Most of these firms operated in trade and services, real estate and business services, and building. Supporting them through the availability of attractive forms of financing, like regional / local loan funds, credit and guarantee funds, will make for the region better investment perspectives, reviving economically the region and thereby improving a general socio-economic situation and reducing unemployment;

- the sector of SMB in the region, being a key to economic development, is mainly represented by firms classified as micro firms. Such firms have proportionally smaller influence on building a development potential – their strength lies in their number and not in being able to generate a pro-development impulse. These firms create proportionally fewer work places, have a smaller share in goods exchange abroad, and take less innovative actions. Thus, for effective support of business in the voivodship, the SME should not be treated as a homogenous group. Noticing its internal differentiation will help better reaching its members to offer them different forms of support – e.g. promoting innovative solutions will be less effective in a group of the smallest firms than in firms having from 10 to 49 workers. It does not mean that micro firms should be avoided in prepared plans of support – thanks to their number they are equally important for economic development of the region. However, the limitations they have should be taken into consideration;

- as for business saturation for 1000 people, the Zachodniopomorskie Voivodship was on the 1st place in the country, but its businesses accounted for only 5.7% of all registered in the country, and in this respect the voivodship was on 8th place.

Considering spatial location of businesses in the Poviats of the Zachodniopomorskie Voivodship is was observed that:

- the growth of the number of firms, including trade partnerships and partnerships with foreign capital, was in all Poviats except the Poviat Wałecki which had a drop in the number of firms.
- the main concentration of businesses is in municipal Poviats, and also in the Poviats: Kołobrzeski, Goleniowski, Gryfiński, and Policki. The fewest firms registered in the REGON register were in the Poviats: Choszczeński and Pyrzycki;
- the highest density of businesses for 1000 inhabitants except municipal Poviats was in Kołobrzeski, which dominated in the voivodship. Also the number of trade partnerships and partnerships with foreign capital for 1000 people was the highest in municipal Poviats and in: Kołobrzeski, Pyrzycki, Goleniowski, Gryfiński and Policki;
- personal businesses operating in market services with up to 9 people were the majority in all Poviats;
- more firms were registered than closed in all Poviats, except for the City of Szczecin.

Tab. 3. Entrepreneurship indicators in the Poviats of the Zachodniopomorskie Voivodship in 2008 r.

SPECIFICATION	Businesses registered in REGON register for 1000 people		Trade partnerships for 10000 people		Partnerships with foreign capital for 10000 people		The share of market businesses in %		The share of businesses with up to 9 workers in %	
		position		position		position		position		position
VOIVODSHIP	125,9	x	74,6	x	24,2	x	76,6	x	96,2	x
poviats										
Białogardzki	101,7	14	38,5	12	11,8	12	74,9	9	96,5	5
Choszczeński	77,4	21	36,8	14	14,5	10	69,1	19	94,3	21
Drawski	103,3	13	30,1	17	9,6	14	73,1	13	96,6	4
Goleniowski	103,5	12	55,8	6	21,0	6	69,2	18	95,3	19
Gryficki	125,4	6	37,8	13	11,0	13	81,4	4	96,4	7
Gryfiński	96,9	16	51,0	7	25,4	3	66,0	20	95,6	16
Kamieński	144,4	5	48,1	8	18,6	8	76,4	7	96,4	8
Kołobrzeski	178,1	1	65,0	5	21,1	6	82,5	2	97,0	2
Koszaliński	105,5	11	37,9	13	15,8	9	74,3	12	96,5	6
Łobeski	82,8	20	33,8	16	13,9	10	71,5	16	95,5	17
Myśliborski	93,1	18	47,2	9	20,4	7	71,7	15	94,6	20
Policki	121,9	7	75,8	3	23,0	4	72,2	14	95,9	13
Pyrzycki	93,4	17	46,0	10	21,7	5	63,5	21	95,7	15
Sławieński	105,8	10	36,2	15	13,8	10	74,4	11	96,4	9
Stargardzki	98,7	15	45,9	10	16,3	9	70,2	17	95,8	14
Szczecinecki	106,0	9	41,9	11	12,5	12	76,9	6	96,3	11
Świdwiński	90,4	19	34,0	16	12,6	11	76,3	8	95,5	18
Wałecki	107,2	8	37,4	14	9,9	14	74,6	10	96,4	10
cities with the status of a Poviat										
Koszalin	172,2	2	99,7	2	20,3	7	81,9	3	96,9	3
Szczecin	157,5	4	148,9	1	45,5	1	79,3	5	96,3	12
Świnoujście	169,3	3	74,0	4	30,1	2	84,7	1	97,2	1

Source: *Own analysis based on the data from the Central Statistical Office.*

Industrial production sold

Observing the size of industrial production sold allows defining the degree of industrialisation of the Poviats in the Zachodniopomorskie Voivodship. The analysis of this indicator (firms with more than 9 workers) per one inhabitant shows that in 2007industry played the most important role in such Poviats as: Goleniowski, Policki, Szczecinecki, Koszalin, Myśliborski, and Szczecin. The highest value of this indicator was in Choszczeński, Łobeski and Stargardzki.

The highest growth of the analysed indicator was in those Poviats which in 2007 had the highest value of industrial production sold per capita (Goleniowski, Policki, Szczecinecki), which may mean a further development of these areas and a further rise of this indicator.

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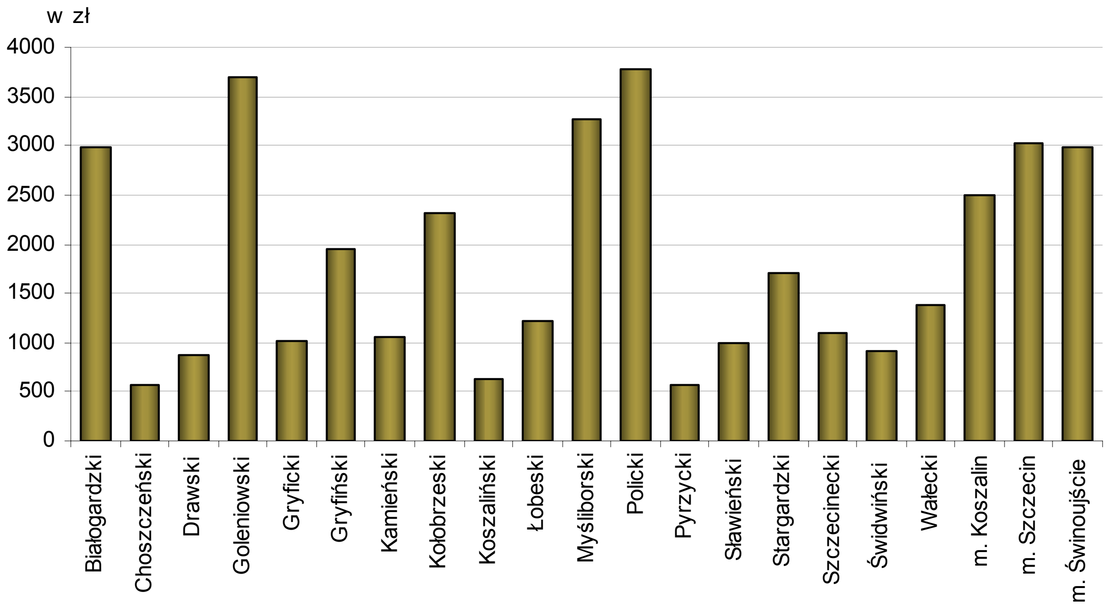
Investments and fixed assets

Maintaining production on the same level, and its growth, are possible due to investments realised by the company. In 2007 investments were present in all Poviat of the voivodship (in the analysed companies with more than 9 workers) and per capita they were the highest in the following Poviats: Policki, Goleniowski, Myśliborski and Szczecin city, and the lowest in Choszczeński, Pyrzycki, and Koszaliński.

Fig. 2. Investments in companies per one inhabitant in the Poviats of the Zachodniopomorskie Voivodship in 2007



Source: *Own analysis based on the data from the Central Statistical Office.*

In comparison to 2004, the biggest growth of the indicator was observed in the Poviat: Białogardzki, Goleniowski, Policki, Szczecin city, and Świnoujście city. Increasing investments may suggest increasing productivity and development of the firms, which in a long term is beneficial for economy of the Poviats.

The gross value of fixed assets per capita was the highest in the Poviats: Policki, Gryfiński and Szczecinecki. Financial or material outlays necessary to produce new fixed assets or to improve the existing ones, and also costs for the so called start-up equipment were the lowest in: Choszczeński, Łobeski and Pyrzycki.

The budgets of territorial administrative units

The possibilities of financial support in the Poviats of the Zachodniopomorskie Voivodship are varied. To realise their plans, the Poviats and municipal Poviats obtain external resources (from the national budget, from the EU, funds, donations, and the like), but also generate revenues, whose size can indirectly testify about the activity and resourcefulness of given Poviat Councils. From the carried out analysis of the budgets of the territorial administrative units the following were observed:

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- the highest Poviat budget revenues, and expenses, per capita in 2008 was in the Poviats: Białogardzki and Świdwiński, and the lowest in: Wałecki, Gryfiński and Sławieński. Considering municipal Poviats, the highest revenues were in Świnoujście (also the highest expenses), next in Szczecin and Koszalin (expenses in Koszalin were higher than in Szczecin);
- the share of property investment expenses was higher than in the voivodship (16.7%) in the Poviats: Białogardzki, Stargardzki, Kamieński, Świdwiński and Szczecinecki, and in all municipal Poviats: Świnoujście, Szczecin and Koszalin. The smallest investment expenses were in: Choszczeński, Gryfiński, Koszaliński and Drawski.
- in the communes of the analysed Poviats the highest revenues were in the Poviats: Kołobrzeski, Kamieński, Sławieński, and the highest expenses were in: Kamieński, Kołobrzeski and Gryficki.

Tab. 4. Revenues and Expenses of the territorial administrative units in the Poviats of the Zachodniopomorskie Voivodship in 2008

SPECIFICATION	Revenues of Poviats and municipal Poviats per capita in PLN		Expenses of Poviats and municipal Poviats per capita in PLN		The share of pro-perty invest-ment expenses in total expenses in %		Commune Revenues per capita in PLN		Commune Expenses per capita in PLN	
		position		position		position		position		position
VOIVODSHIP	-	x	-	x	16,7	x	2724,61	x	2755,14	x
poviats										
Białogardzki	1433,54	4	1415,50	4	42,1	1	2625,73	10	2623,31	12
Choszczeński	775,93	18	793,95	17	4,4	21	2495,76	14	2737,51	9
Drawski	819,85	14	786,34	18	6,6	18	2938,47	5	3005,36	4
Goleniowski	779,42	17	796,75	16	11,5	11	2782,67	9	2535,68	13
Gryficki	970,37	7	937,37	8	8,0	17	2996,20	4	3127,01	3
Gryfiński	720,55	20	758,52	19	5,7	20	2522,10	12	2535,55	14
Kamieński	968,06	8	980,97	7	24,4	4	3176,51	2	3426,33	1
Kołobrzeski	863,66	12	863,26	11	8,2	16	3328,90	1	3239,38	2
Koszaliński	916,39	9	872,04	10	6,6	19	2907,54	6	2979,10	5
Łobeski	849,81	13	840,21	15	14,4	9	2501,51	13	2697,64	10
Myśliborski	791,65	15	852,84	14	8,6	15	2441,40	17	2453,79	16
Policki	878,62	11	862,55	12	13,2	10	2798,63	7	2820,71	8
Pyrzycki	786,79	16	860,03	13	8,9	14	2444,60	16	2530,71	15
Sławieński	731,91	19	734,47	20	9,7	13	3012,01	3	2942,00	7
Stargardzki	1061,15	5	1075,63	5	39,1	2	2341,13	18	2334,47	18
Szczecinecki	887,56	10	907,40	9	17,4	8	2784,24	8	2962,10	6
Świdwiński	978,62	6	1025,31	6	18,2	7	2554,40	11	2626,43	11
Wałecki	701,22	21	711,36	21	11,0	12	2477,08	15	2370,04	17
cities with the status of a Poviat										
Koszalin	3113,01	3	3128,04	2	18,4	6	-	-	-	-
Szczecin	3148,85	2	3108,46	3	20,1	5	-	-	-	-
Świnoujście	4850,81	1	5138,12	1	31,5	3	-	-	-	-

Source: *Own analysis based on the data from the Central Statistical Office.*

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In order to analyse business activity in the Poviats in the Zachodniopomorskie Voivodship, a multi-stage research was done which gives a thorough insight into the character of this activity in the region. The research done was multi dimensional – they referred to different aspects of business activity of the firms in the voivodship.

The qualitative stage of the research comprised individual deepened interviews (IDI) and focused group interviews (FGI) with representatives of business, workers from industry and commerce chambers, employers' associations, merchants and craftsmen, who take part in subregional job market development programmes and who are involved in creating job policy in the region. From the provided answers the following conclusions can be drawn:

One of the key issues discussed in the research issues was the problem of a regional job market. Although respondents' answers on different matters could be different, the final results lead to some conclusions. According to the businesspeople functioning in the region of the Zachodniopomorskie Voivodship the job market is problematic. This is caused by several factors:

- low work ethos in general, which in the case of young people means aversion to hard work, lack of diligence, and in older workers passive attitudes and avoiding challenges,
- hard conditions for businesses and lack of perspectives for development (a poor market),
- difficulties in finding a suitable person to work, but firms also do not know how to manage people, which weakens the potential of human resources and productivity,
- job market conditions created by the State are adverse for development of regional market; there are also no perspectives for development.

Undoubtedly, the situation of the job market is heavily influenced by the condition of firms, dependent on macroeconomic factors (global crisis).
From the received answers it is clear that in 2008 there was still an economic boom and its decline started at the beginning of 2009. However, it should be noted that there are no clear symptoms of economic slump but only a slowdown, and some even think that the situation in quite good. The analysis of economic perspectives seems to suggest that there is a slow improvement on the market.

Entrepreneurs also make the point of their business being restricted not only by market constraints but also by the activity of the State and its organs. According to them, on different administrative levels there is no State activity promoting and supporting business and even if such activity is done, it is erratic and lacks long –term objectives. Among key issues to business efficiency mentioned by the entrepreneurs there were: legal clarity and simplicity, unambiguous procedures, and less bureaucracy in investment process. State intervention in necessary especially needed in the practical aspect of introducing innovations, like trainings and courses on how to change the market or a product, introducing innovations and new technologies, HR management, capital and risks management. But the main problem is reaching the businesspeople and convincing them about the benefits of the programmes – what is necessary in the case of micro firms is the change of their owner's mentality. Education should go together with some economic forms of support – many firms do not have sufficient resources for implementing innovative solutions. Presently many firms do not cooperate with consulting or research centres, and courses for personnel are often limited to the minimum – employers expect fully prepared workers. Thus, in many firms there is no intellectual potential that could bring results in the field of innovation.

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Most of the firms function nearly in vacuum, having no ties with other economic sectors, or other firms. The contacts with the surrounding are limited to those basic when a businessperson is a seller, buyer, client or a petitioner. The role of self-governing organisations in different branches is also diminished mainly due to political constraints weakening the role of these organisations. On the other hand, the contacts of business with the local administration is perceived as corrupted, which leads to further weakening those, already erratic, relationships.

The main problems faced by local economy are:

- stagnation on the market – lack of sufficient new job offers and investors (including domestic ones), this negative situation is compounded by further threats – liquidation of firms due to global crisis (e.g. closing the ship yard);
- a strong contrast between the situation in the capital of the region and the rest of the voivodship – the job market beyond the capital is shallow and fragmented. People seeking work decide to arrive to Szczecin, which causes a drain of human resources in the areas adjacent to the city.
- the very location of the capital city of the voivodship, and the whole region (in a close vicinity of German border) limits the development potential because, according to many respondents, this location advantage is not fully used (the vicinity of State border and of the sea)
- local administrations are not supportive in economic development, and the situation is additionally complicated by unclear division of responsibilities between the national government and the local ones. Moreover, according to the respondents, business activity is hampered by bureaucracy, incompetence of highest level civil servants, no knowledge of realities, rising taxes, civil servants working for themselves and not for the benefit of the region, introducing laws at variance with economic realities of the region (e.g. introducing European ecological norms for lorries, in other EU countries the vehicle' equipment is subsidised by the State);
- the dependency of economic situation on external factors which are not determined by the firms themselves – with the biggest influence being market conditions as such, and irrational consumer behaviours (cuts in expenses due to virtual crisis).

The result of the quantitative stage of this research was a series of Poviat level diagnosing figures for businesses of the Zachodniopomorskie Voivodship. A detailed description of the figures was included in separate chapters on each Poviat. The outlines presented here are to give a general picture of the problems which were presented in each of the reports of this study. This outline focuses on key issues for future economic development of the region. The main sphere of analysis here is the characteristics of employment, innovation, and the use of EU funds in particular Poviats.

The comparison of firms intending to increase employment and companies planning to reduce it in the nest 3 months (fig. 3 and 4) leads to the following conclusions – in all Poviats the firms expecting a rise in employment are in the majority. Additionally, personnel traffic is closely bound, which means that job reductions always entail some new work places. The order of presenting the Poviats in the two figures below is not accidental. It should be remembered that this is a percentage compilation of the results – the first position of the Poviat of Białogardzki does not mean that the number of firms which will hire or employ workers is the highest there,

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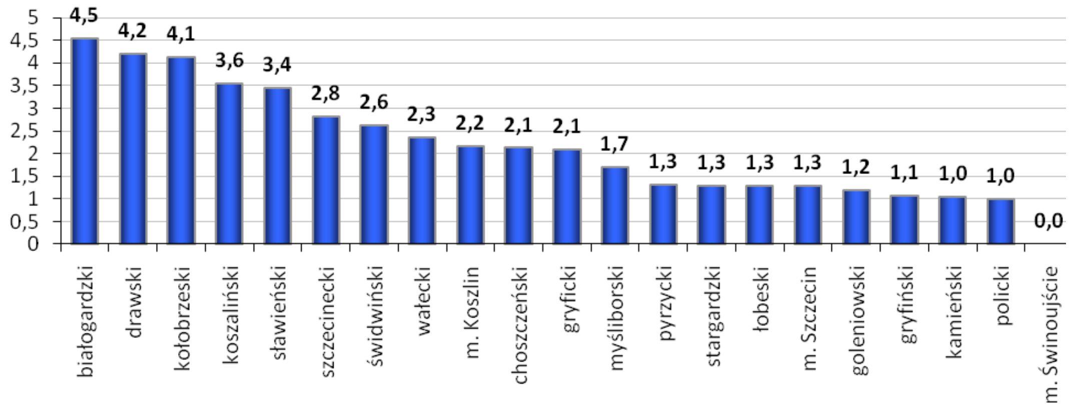
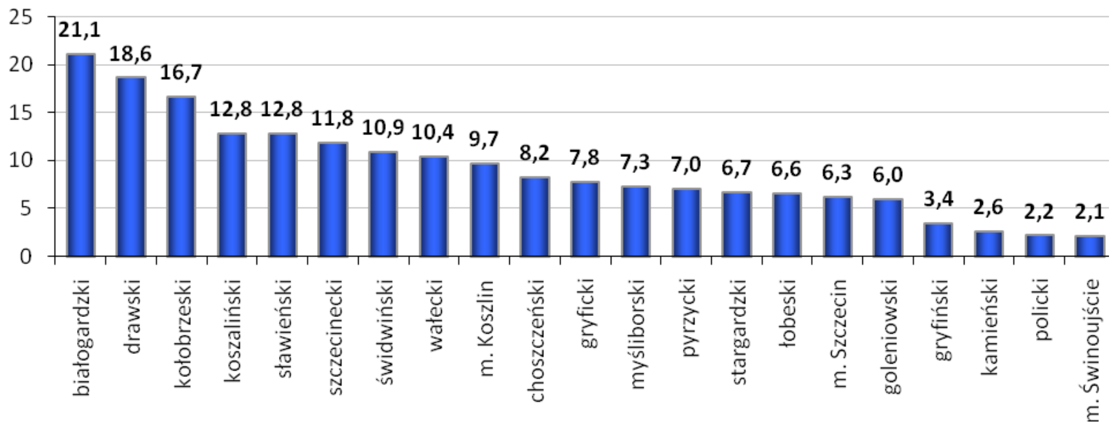
but only that these firms have the biggest share in the total survey which also comprised such answers as: *the employment will stay unchanged* or *it is hard to tell*.

Fig. 3. The structure of firms intending to reduce employment in the next 3 months in the Poviats of the Zachodniopomorskie Voivodship



Source: *Own research.*

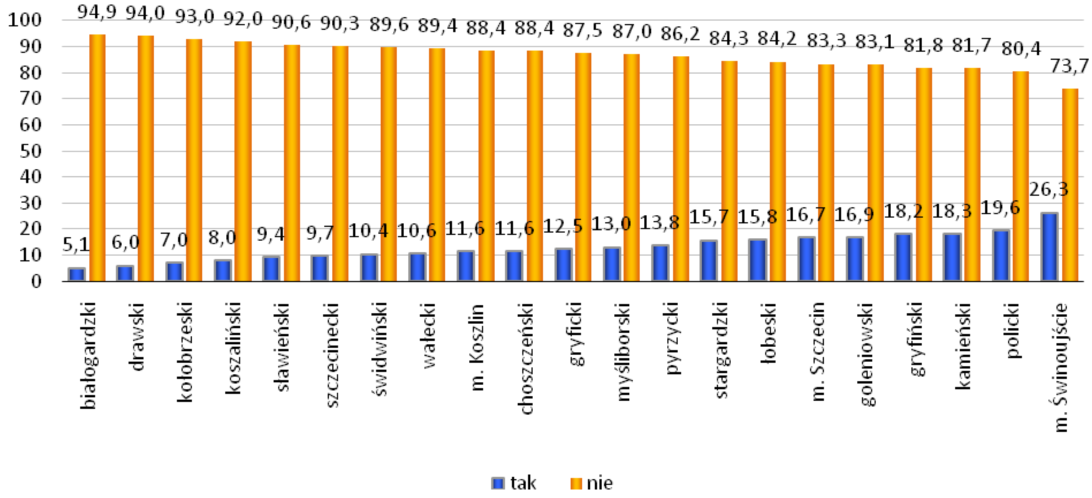
Fig. 4. The structure of firms intending to increase employment in the next 3 months in the Poviats of the Zachodniopomorskie Voivodship



Source: *Own research.*

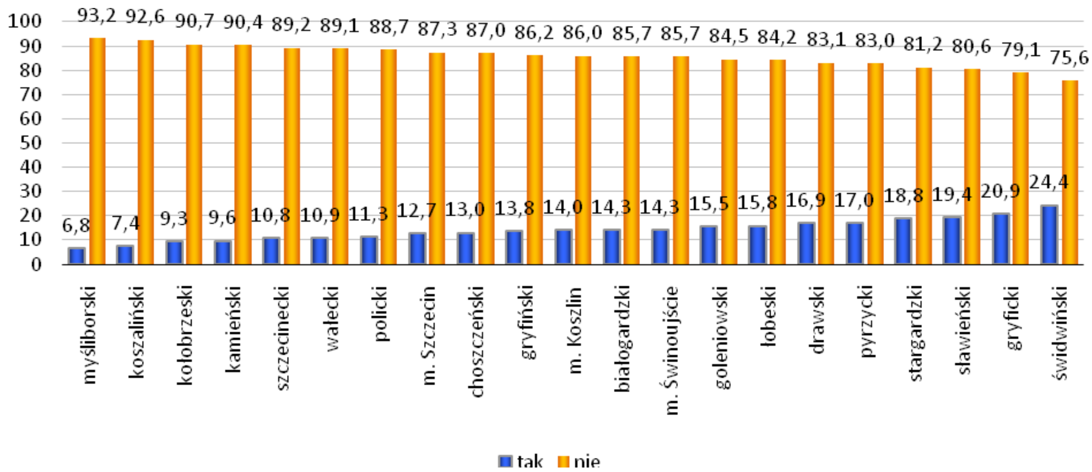
The uneven share of firms using innovation and involved in projects financed from EU funds proves that it is possible within a region to deal with the challenges of functioning in modern economies. What is necessary however is, on the one hand, innovation as an indispensable element of a technological race, and on the other hand, EU programmes requiring organisational competence and strategic planning.

Fig. 5. The structure of firms with respect to applying innovation in 2007-2009 in the Poviats of the Zachodniopomorskie Voivodship



Source: *Own research.*

Fig. 6. The structure of firms with respect to using EU funds in 2007-2009 in the Poviats of the Zachodniopomorskie Voivodship



Source: *Own research.*

The optimal situation would be if the companies could apply innovation and finance it with external support resources. Unfortunately, this is not the case at the moment.

Based on the data collected in the qualitative stage of our research, the following general recommendations can be put forward:

1) in particular groups of companies, sorted out according to the number of workers, it will be necessary to apply different solutions taking into consideration the internal differentiation of

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the SMB sector, in particular with respect to micro businesses which are the majority and which function on different terms than small and medium businesses;

2) a series of institutional and procedural barriers need removing because they hamper the process of starting and running a business both on national and local levels.
3) due to the specificity of businesses in some Poviats – with some branches dominating others (depending on a Poviat), introducing new solutions needs special attention – detailed consultations with branch representatives can lead to creating customised solutions for further development of given branches;
4) special attention should be paid to creating possibilities to improve qualifications both by workers and employers, which requires some effort aiming at changing the people's mentality, and in particular that of employers;
5) it is necessary to launch a comprehensive information policy (both internal and external) on the decisions made by State institutions and regarding activities supporting business; gathering and making available the information about external possibilities of obtaining resources for realising undertakings of social, economic and infrastructural character (e.g. for financial support from EU funds, different domestic funds, etc.);
6) due to a low lever of innovation in the surveyed companies, some steps should be taken along the line of popularising this issue, for example by organising trainings on how to use innovation in developing a business (also by means of visiting innovative companies) and by creating, respective of each branch, a list of examples of innovative solutions which could be easily and fast applied – the offer should be based on the principle: see and use.

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