

NETWORKING AS A FORM OF COLLABORATION OF LOCAL ENTREPRENEURS IN POLAND

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Abstract. The theoretical part of this thesis presents the essence and term of networking in a contemporary economy. The empirical part is based on data from the Polish Agency for Enterprise Development. The data analysis led to the conclusion that Polish entrepreneurs are deeply aware of the need to keep long-lasting relationships with customers as well as suppliers and business partners. What is more, respondents were eager to share the information on networking meetings with other entrepreneurs, which can later result in collaboration. Entrepreneurs were willing to tackle the topics connected with both direct financial benefits and an indirect influence on their companies' profits (soft skills).

Key words: networking, collaboration, entrepreneurship, local, Poland.

JEL code: R11

Introduction

In a contemporary economy, one can notice increasingly sophisticated connections and relations between various economic entities (Rokicki T., 2013). Considering a given area as a business one, it can be assumed that they are self-sufficient organizations. Therefore, gaining the factors that contribute to their development should result from an internal power (potential) of a given region or town (Makiela Z., 2013). Yet, it seems that the reality is slightly different. It is necessary to realize that in the structure of the world system, regions competitiveness is not based on the traditional allocation effectiveness any longer but on the adaptation effectiveness, which consists in taking various forms of activity coordination, generally called networking (Miszczak K., 2012).

Innovative and entrepreneurial regions have modern organization management methods, they are distinguished by huge self-dependence and speed in taking decisions, and they enter into alliances to carry out various projects. Such regions are perceived as modern elements of the European networking structure, and their essential role is to establish contacts with new partners. This mainly results from the fast changes and increasing sophistication of the environment, which considerably limits the autonomy of single companies, towns, regions, and countries. It is more and more often connected to searching for sources of competitive

advantage outside internal borders, which the literature refers to as a networking approach.

Taking into account the extent of reasons and consequences of the latest changes in company management, it is necessary to narrow the discussion on this issue.

That is why the article was to assess networking meetings of entrepreneurs whose companies were located in the capital of Poland – Warsaw. This survey was conducted by the Polish Agency for Enterprise Development in two stages from September 2012 to October 2014 and it covered 6 quarters of Warsaw (Ochota, Wola, Praga-Poludnie, Targowek, Ursynow, and Wilanow). The research task was identifying entrepreneurs' approach to establishing business relations, in other words, what benefits and barriers connected to networking they saw. It was done by means of the method of diagnostic survey with the use of the technique of a standardized questionnaire. Three hundred sixty businessmen were surveyed, including those who had not participated in networking meetings.

The essence and term of networking in a contemporary economy

The development of a networking model of an economy is considerably influenced by more and more sophisticated and inter-related processes and phenomena which affect entrepreneurs. This form of collaboration between various entities resulted from progressing globalization, growth of different transactions, and increasing diversity of

products and services (Golasa P., 2013). If an enterprise is to participate in such a sophisticated economic reality, where variety and complexity are growing at the same time, elasticity is necessary. It is the elasticity of entrepreneurs' behaviour that contributed to the development of new collaboration forms, which, consequently, enabled access to information, skills, and technology that a particular entity had not possessed and that had been costly to gain. In result, networks appeared, including company networks (Korenik S., 2011). It is a network advantage that responsibility for activities is divided between numerous partners that are part of it, particular entities avoid overlapping expenses, have higher elasticity, and faster access to information and technology (Domanski R., Marciniak M., 2003).

The source literature defines networks in various ways. In its primary meaning, a network was a group of enterprises related to each other by diverse trade links to meet a specific market demand (Miszczak K., 2012). The most generally, however, networks can be defined as an organizational structure which does not possess hierarchy, formal management and subordination, and where information and collaboration relationships are prevalent (Kozusznik B., 2011). Therefore, it can be claimed that it is a system of links between people or organizational entities that belong to a given network which consists in sharing information, ideas, resource etc. In other words, a network is a set of selected links to chosen partners being part of market relations of enterprises (Jewtuchowicz A., 1997). The general term of companies' network is understood as their involvement in various long-lasting relationships with external business and social partners, including public administration (central and self-government one) representatives (Cieslik J., Dabrowski J., Koladkiewicz I., 2014).

The most important aim of a network company is to gain synergy through an

engagement in a collaboration of many economic partners, and the synergy is possible to achieve thanks to the adjustment of one's operational activity to the strategy of the whole network. Therefore, a coordination mechanism in a given network organization plays a significant role. It is responsible for activities taken in a particular network and it organizes the transfer of tangible and intangible assets in this system (Lachiewicz S., Zakrzewska-Bielawska A., 2012).

The source literature provides various classifications of network organization (of enterprises which belong to a network). Among other things, authors distinguish a classification as regards the permanence and strength of relations between entities that belong to a network (integrated networks, contract networks, direct relationships networks). Considering the extensiveness of the issue, the discussion was narrowed and the article presents the classification describing relationships between partners that includes:

- supplier networks – which cover subcontracting alliance between a customer and suppliers of indirect elements of production;
- producer networks – which enable competing producers to combine their production capability, financial and human resources to extend their product offer and geographical range;
- customer networks – which are fixed-term relationships of production companies with their distributors, marketing channels, trade middlemen that complete a product with various elements, and end users in domestic or international markets;
- technological collaboration networks – which enable acquisition of product projects and production technology, joined production, and development of technology as well as sharing scientific knowledge and research and development work results (Lachiewicz S., Zakrzewska-Bielawska A., 2012).

Networking can also be moved into regional and local policy. It was called a factor of external partner relations of self-government entities. Partnerships are registered as regards both towns and regions of a territory (Przybyła Z., 2008). Building intra- and inter-regional networks contributes to strengthening competitiveness. Extending collaboration with external partners from other regions or even countries enables to build direct contacts between interested parties, which makes gaining synergy possible. A network in a region consists of cooperatively related self-government entities (districts, poviats, voivodeships) and those concentrated on processes (enterprises, universities, research institutions, business-related service companies etc.) (Makiela Z., 2013). Establishing such a form of inter-regional collaboration which covers various market institutions aims at boosting economic growth. Creating an appropriate corporate culture and the best development conditions in a particular region should be the purpose of this collaboration (Grosse T. G., 2004).

Research results and discussion

The interest in local enterprise dimension has appeared in Poland relatively recently. On the one hand, it results from the growing influence of local communities on citizens' quality of life, on the other hand, it is also a group of definitely different interests but of large capability to influence the local community situation (e.g. as regards employment). The source literature mentions three characteristics describing "*an entrepreneurial local community*". They are: local companies interested in development; internal

integration of local businessmen's environment (a network which generates added value); entrepreneurs' integration with other members of local collaboration, keeping a group's identity. On the Polish conditions, one more characteristic should be added to the abovementioned. It is an efficient system of communication channels between businessmen and local self-government (Cieslik J., Dabrowski J., Koladkiewicz I., 2014).

As the significance of businessmen's networking is starting to be noticed in Poland as well, activities were initiated to research this issue among entrepreneurs in the agglomeration of Warsaw as part of the project Społeczne Forum Przedsiębiorczości (Social Forum of Enterprise). This survey was conducted by the Polish Agency for Enterprise Development in two stages from September 2012 to October 2014 and it covered 6 quarters of Warsaw (Ochota, Wola, Praga-Południe, Targówek, Ursynów, and Wilanów). The first stage of the project consisted in running diagnostic studies which aimed at identifying entrepreneurs' approach to establishing business relations, in other words, what benefits and barriers connected to networking they saw. It was done by means of the method of diagnostic survey with the use of the technique of a standardized questionnaire. Three hundred sixty businessmen were surveyed (including those who had not participated in networking meetings), and the structure of this sample reflected the structure of Warsaw entrepreneurs' population because the vast majority of them are micro entrepreneurs (90 %). The results of the first stage of the survey are presented in Table 1.

Table 1

Benefits and barriers in entrepreneurs' networking (in %)

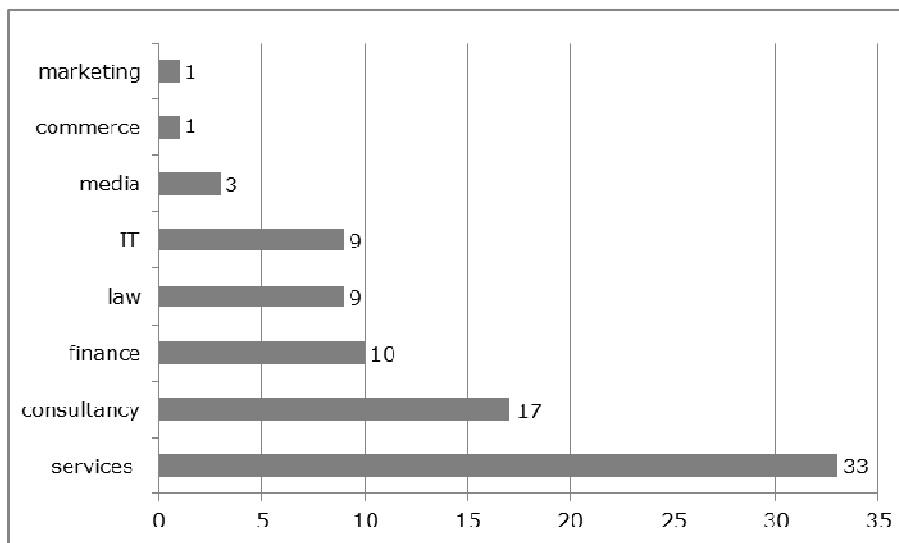
Benefits*	Percentage of replies
Improvement of product and service quality	33
Greater number of customers	27
Collaboration with a greater number of suppliers and contractors	18
Lower costs	16
No technical problems	12
Developing employees' qualifications and skills	7
Opportunity to gain financial support	4
Barriers*	Percentage of replies
Too little time	47
Too few occasions to establish business contacts	34
Too long period before benefits from contacts appear	31
No confidence in business partners	30
No benefits from sharing experience	23
Other	2

*A respondent was allowed to indicate more than one answer

Source: the author's own work based on: J. Cieslik, J. Dabrowski, I. Koladkiewicz (2014). Lokalne sieci przedsiębiorców (Local networks of entrepreneurs). In Raport o stanie sektora małych i średnich przedsiębiorstw w Polsce w latach 2012 - 2013 (Report on the condition of small and medium-sized enterprises in Poland in 2012-2013). Warsaw: the Polish Agency for Enterprise Development, p. 119 - 120.

The second stage of the survey covered only those businessmen who actively participated in networking meetings (214 people). Figure 1 presents data concerning recommendations of

people met as part of networking meetings (broken by industries) to other entrepreneurs who did not take part in those meetings.



*A respondent was allowed to indicate only one reply

Source: the author's own work based on: J. Cieslik, J. Dabrowski, I. Koladkiewicz (2014). Lokalne sieci przedsiębiorców (Local networks of entrepreneurs). In Raport o stanie sektora małych i średnich przedsiębiorstw w Polsce w latach 2012 - 2013 (Report on the condition of small and medium-sized enterprises in Poland in 2012-2013). Warsaw: the Polish Agency for Enterprise Development, p. 122.

Fig. 1. Recommending people met at networking meetings to other entrepreneurs – by industries, %

The majority of respondents had an opportunity to recommend people met during networking meetings to other entrepreneurs. It was declared by nearly 80% of respondents. Most frequently, they recommended people working in services (33%), consultancy (17%), and finance (10%). People from commerce and

marketing were the least frequently recommended.

During the survey, entrepreneurs were also asked what topics would be interesting for them at meetings with other businessmen. The detailed data are presented in Table 2.

Table 2

Topics tackled as part of networking meetings (in %)

Topics interesting for entrepreneurs*	Percentage of replies
Sales skills	18
Finance	15
Marketing activity	12
Soft skills (self-presentation, stress resistance)	9
IT	9
Consultancy	9
Contacts and interpersonal relationships (interpersonal communication)	8
Customer acquisition and service	7
Law	4
Other	9

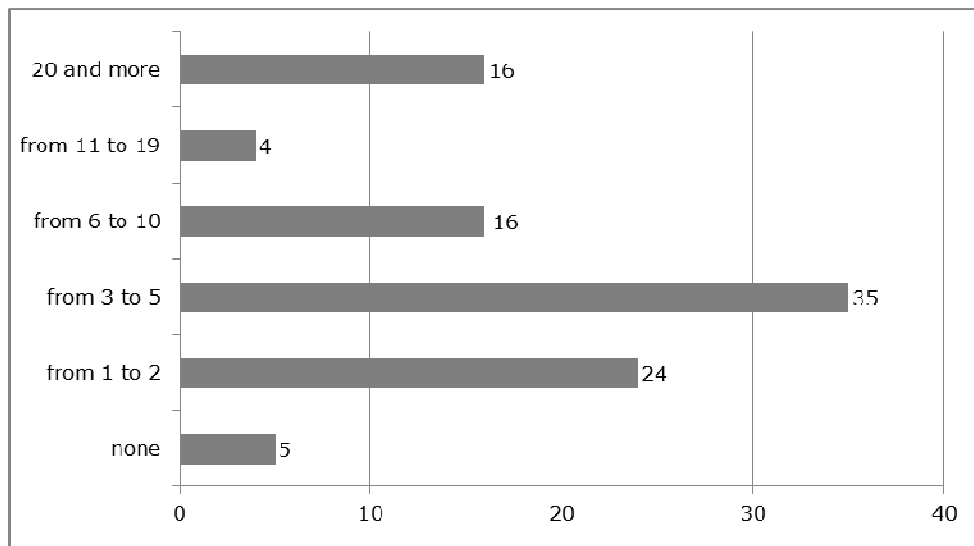
*A respondent was allowed to indicate only one reply

Source: the author's own work based on: J. Cieslik, J. Dabrowski, I. Koladkiewicz (2014). Lokalne sieci przedsiębiorców (Local networks of entrepreneurs). In Raport o stanie sektora małych i średnich przedsiębiorstw w Polsce w latach 2012 - 2013 (Report on the condition of small and medium-sized enterprises in Poland in 2012-2013). Warsaw: the Polish Agency for Enterprise Development, p. 123.

The survey revealed that entrepreneurs would be interested in topics from various areas. Most frequently, respondents indicated their willingness to learn sales skills (18 %). Topics concerning finance (15 %) were on the second position, and marketing (12 %) was the third. Respondents pointed out topics related to law

and customer acquisition and service (4 % and 7 % respectively) the least eagerly.

In the end, entrepreneurs were asked how many people they would recommend participating in meetings of this kind. The detailed data are presented in Figure 2.



Source: the author's own work based on: J. Cieslik, J. Dabrowski, I. Koladkiewicz (2014). *Lokalne sieci przedsiębiorców (Local networks of entrepreneurs)*. In *Raport o stanie sektora małych i średnich przedsiębiorstw w Polsce w latach 2012 - 2013 (Report on the condition of small and medium-sized enterprises in Poland in 2012 - 2013)*. Warsaw: the Polish Agency for Enterprise Development, p. 122.

Fig. 2. Number of people that entrepreneurs would recommend establishing contacts as part of networking meetings, %

The data presented in Figure 2 show that entrepreneurs consider network collaboration sensible. As many as 35 % of respondents would recommend establishing contacts at networking meetings to at least 3 other people. Only 5 % of respondents would not recommend such meetings to another person.

Conclusions

The research, led to drawing the following conclusions:

- 1) Polish entrepreneurs are deeply aware of the need to keep long-lasting relationships with customers as well as suppliers and business partners.
- 2) Entrepreneurs are eager to share the information on networking meetings with

other entrepreneurs, which can later result in collaboration.

3) Entrepreneurs were willing to tackle the topics connected to both direct financial benefits and an indirect influence on their companies' profits (soft skills).

4) To sum up, it can be claimed that the social dimension of local networks should be discussed in the context of relations that are established between business and local administration at the level of districts, towns, or quarters. The lack of such an effective collaboration may contribute to the failure of the use of entrepreneurial potential as a factor of a given area's development.

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