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PRODUCTION
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BULGARIA, POLAND
AND RUSSIA**

**THEORETICAL
AND ECONOMIC
POLICY ISSUES**



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Edited by
Aleksandra Nowakowska



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Ivaylo Ivanov*

**ONE POSSIBLE METHODOLOGICAL SET
OF SCIENTIFIC RESEARCH APPROACHES TO LPS¹**

1. Introduction

The deep transformation of the economic, political, social and spiritual spheres after the end of the Cold War have led to rearrangements in the list of threats to the modern society. The global problems related to terrorism, local conflicts and natural disasters, the protection of the critical infrastructure and energy security came to the forefront. Problems, whose genesis is the furious struggle for shortage resources of any kind. This increasing scarcity of the vital resources in the modern world forces all economic entities, including the state institutions, to adhere in the highest possible degree to the principles of market effectiveness. The economic policy in countries with market economy should be conducted according

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to its rules. All of this makes the creation of new mechanisms for implementation of relations in the sphere of the economy inevitable. In consequence, limitations of the state in the market environment and in the field of direct impact on economic entities must be taken into account. Studies on the competitiveness of nations and states were focused on the economy as a whole with the assumption that major influence on the above processes national economic policy has. Both in the development processes and the processes of competition and enhancing the competitiveness, locality as the driving force of development is barely recorded. The globalization gives the companies the opportunity to receive capital, goods and technology from anywhere and they can move the production to where it is most effective in terms of the costs. The governments are perceived as decliners of their impact on the competition, in comparison with the forces acting globally. All the processes described so far set their mark also on the local production systems (LPS). In this context, different problems with scientific and practical nature arise. Some of them cannot be resolved with the familiar scientific instruments. The researchers and practitioners are constantly confronted with the problem of finding and implementing methods and approaches for management and organization of the systems and subsystems in the various spheres of the public life, which are adequate to the state of the society. In following lines, we intend to offer a possible methodological complex by scientific approaches and methods suitable for use when studying LPS.

2. The conflict, the conflictology and the synergetics

The modern society is becoming more clearly aware that the old ideas and concepts lose their power, and increasingly looking for new solutions to the problems corresponding more complete with the new challenges in the rapidly changing environment.

Every day, we can see more and more the clear trend related to the functioning and development of the contemporary organizations in conditions of increasing conflicts, crises, chaos and catastrophes. The life constantly confirms that social conflicts arise as the result of objectively existing

social contradictions, which are a reflection of its deep nature. Precisely the contradictions are the crucial driving force in society. The new forms of their manifestation impose continuously new ways and approaches to be sought for solving them.² Thus, at first glance imperceptibly the objective development processes gave an impetus to the birth of new directions in fundamental sciences and simultaneously of new interdisciplinary sciences, among which conflictology and social synergetics appear.³

The follower of the science of social conflict – the conflictology, base its world view on the idea that the conflicts are a natural phenomenon in society and the preconditions for them are laid in the realization of any one human activity.⁴ Conflictology gives a possible toolbox for finding solutions of the problems posed by our modern times. Thus, the conflictology is increasingly becoming a necessity. It is because of the fact that along with the other theoretical disciplines, it has the task to assist the optimization of the functioning of the social systems. Along with other sciences, it has its place in the construction of the social strategy for forecasting and planning of the social activity.

The conflict is the kind, grade, shape, sharpness of manifestation of the contradiction. Outside the contradiction there is no conflict, and without object (material or spiritual), there is no contradiction. Seen in a broad sense, the reason for the conflict is what predetermines its occurrence, its subsequent development, and eventually its end. At the heart of the cause of each particular social conflict stands the conscious need that manifests itself as an interest. And everyone's interest leads to a conflict between entities, social groups, etc., but only the one which is connected to deficient satisfying needs. After all, the fundamental cause of any conflict comes down to the contradiction between the interests of society (individuals, social groups) on the occasion of their recognized deficit needs. The formula for the causation of the conflict could be represented as a unified three element system composed of entities, interests and activities. The interests are the instigators of the activity and the actions of the participants.

² D. Y. Dimitrov, *Conflictology*, Stopanstvo, Sofia 2003, p. 34.

³ Idem, *Juridical and non-juridical conflictology*, VelikoTarnovo 2008, p. 9.

⁴ *Ibidem*, *passim*.

As an expression of the contradiction, the conflict is immanently formed by the presence of two opposing, but linked together in unity parties. In the relationship between those two parties, a conflict might be raised. Each party involved in the conflict has its own interests and goals that are contrary to the interests of the other party. Two opposite sides are struggling (defend) for their own interests, and at the intersection of these interests the conflict is born.⁵

Here is the place to clarify the affection of the synergetics in our treatment. The synergetics generally studies the open, nonlinear, evolutionary systems, mechanisms of self-organization, i.e. the mechanisms of spontaneous origination, of the stacked microscopic structures, of the super complicated systems.

The processes taking place in the field of self-organization became the subject of the conflictology and synergetics. Through the synergetics, the conflictology explores, systematizes and processes information on the nature and the causes of the conflict. It turns out that the conflict is a natural state of self-organizing social system – an attribute of the complex processes that form synergetics. Based on this, the conflict is genetically linked to the chaos, the disorganization and immanently implies a new organization. This thesis reaffirms the dialectics – the developing world is a struggle between the chaos and order.⁶ The first leads the system to the point of exacerbation (conflict) due to small fluctuations; the latter ensures its functioning.

The conflict is born both inside and outside the environment of an open nonlinear system. In this system, the environment is chaotic, but in it there are stable and unstable dissipative processes. Various contradictory structures emitted from the chaos emerge. Spontaneously through chaos and the dissipation, nonlinear processes are pulsing that random and uncontrollable dissipate into space. The synergetics open up new horizons in the world, makes an effective comment of the nonlinear processes, offers new perspectives and outlines new

⁵ D. Y. Dimitrov, *Conflictology*, *op. cit.*

⁶ Ye. N. Knyazeva, S. P. Kurdyumov, *Synergetics: beginning of the nonlinear thinking*, "Society sciences and modern times" 1993, Vol. 2.

ways of development in the area of bifurcations. In a word, the synergetics reveals the instability and the chaos, the real causes of the crises and the conflicts.⁷

In summary, the conflict is formed by the struggle between the chaos and order, which takes place in the area of the bifurcation. In the same area the balance fades, the imbalance and the disorganization are intensified. The chaos serves as a background to these contradictory processes. One part of the intertwined processes within the area of the bifurcation is examined by the synergetics, and the other – by the conflictology.

What we said above is the basis for the formation of the synergistic conflictology. It reveals theoretically the technology of the conflict process in self-organizing open systems. Everything we stated here on the relationship between synergetics and conflictology is related to the disclosure of the potential for conflicts during the life cycle of the studied objects. Furthermore, the chaos creates an unique opportunity for the systems to be mobilized, to switch to a different level of quality and open new opportunities before them for development and security.⁸

We touched the issues associated with the conflictology and synergetics not accidentally. Conflict and the chaos increasingly master our time. It is time to give them appropriate attention. Implementation of the achievements of the theory in these areas is our immediate task.

The reasons for the real conflicts are multidimensional and require the application of the conflictological and the synergetics approaches. Thus, every conflict should be considered as multidimensional and multileveled. We can rely exactly on these two approaches when studying LPS. How is it possible to do it, why do we do it and what are the expected results if we apply them in practice – these are the main questions of the present paper. Before we move on to the presentation of our idea

⁷ D. Y. Dimitrov, *Conflictology and conflictological culture*, “Economic alternatives” 2005, Vol. IV, p. 33.

⁸ N. Slatiniski, *A comment on: Book that is worth reading: Eric Abrahamson and David Friedman “A Perfect Mess: The Hidden Benefits of Disorder...”*, „Iztok-Zapad”, Sofia 2009, <http://nslatiniski.org> (accessed 30 March 2009).

related with the appliance of the mentioned methodological complex of scientific approaches to LPS' research, there are some other questions to discuss.

3. The role of conflictology in the suggested set of research approaches to LPS

When we talk about LPS and all the questions related to their research, especially when we have intention to defend applying of the new approaches above mentioned, we could not forget the fact that determining position in the network of connections and relationships in the structures of the LPS falls on economic relations and interests. We prefer to use Porter' definition of the cluster⁹ – a geographical concentrated groups of interrelated companies, specialized suppliers, service providers, firms in their respective business sectors and also related to their work organizations (e.g. universities, standards organizations, trade unions, etc.) competing in certain areas, but together with this leading joint work. In the present paper we assume that LPS is identical with the above mentioned definition of cluster.

It could not be rejected that countless and heterogeneous interests are involved in the formation, functioning and development of LPS. The struggle between them is a prerequisite for many conflicts as leading among them are those with an economic nature. How could it be explained?

If we accept a thesis that the production of goods and services is the basis for the existence and the development of human society, the most important are the economic and social relations as they determine the nature of all other social order – political, spiritual and social. On the occasion of the realization of economic social order, different economic conflicts are inevitably manifested mostly. They are generated by the dynamics of the processes in the business and the numerous participants in them with their different interests. They take place in various spheres – in the competitive

⁹ M. E. Porter, *Location, Competition, and Economic Development: Local Clusters in a Global Economy journal*, "Economic Development Quarterly" 2000, Vol. 14, No. 1, p. 15–34.

struggle, relationships between different businesses and state institutions, within the individual enterprises on the consumer market. Or if we summarize, the main interests are in the production, distribution, consumption and exchange of the tangible and intangible resources sphere – all of them necessary for creation of the products and services.

One of the prerequisites for the emergence of economic conflicts is usually the causes of internal and external character which determine any economic crisis. Another reason for the emergence of economic conflicts could be the clash between the contradictory interests mainly of providing organizations and consumers on the occasion of allocation and utilization of the different types of production resources – material, technological, financial, labour, and information. The competition is a major element forming the market relations. So far as it suggests, confrontation and competition between the various stakeholders naturally produces economic conflicts. It is another question which is not covered here – to what extent these conflicts could be constructive or destructive. Another reason contributing to the emergence of economic conflicts could be the inefficient structuring on the system of connections and relations between business and the state institutions, which lead to a direct negative impact on the economic activity. Here we can talk about untimely or even abusive interference of the state in the economic activity, the various existing administrative and even political barriers on one hand, and the creation of a number of secret monopolistic formations, falling under the blows of the antitrust laws, on the other hand. Competition and economic conflicts are also affected by the processes of de-monopolization and the liberalization of the foreign economic relations. The processes of privatization in the economy are another prerequisite for the emergence of economic conflict. Conflicts also arise on the consumer market, which is one of the biggest areas where conflicts are generated so far. Most frequently, exactly on the consumer market, the different interests of sellers, buyers and their formal and informal organizations are in tough struggle. Usually the contradictions there are generated by the unequal forces of these entities resulting in differing degrees of information about the object of their relationship. On the side of the seller, there are the tools of marketing, advertisement, the direct contacts with manufacturers and others,

while the buyer remains substantially limited to make a choice, which is based mostly on the information about the cost of the products or services. The protection of consumer rights, protecting the interests of sellers and manufacturers are activities in the performance of which the interests of all those subjects of marketing activities are affected and inevitably create contradictions and conflicts. Another field in which the economic interest is hardly to be met is labour. The direct cause for the occurrence of such conflicts are the changes in the relationship of the employed toward work. Therefore these conflicts could be defined not only as labour but also as production ones. We associate them to the remuneration for the work done, to the efficient performance of the assigned tasks, the assessment of work performance, the working conditions and many others. It should not be forgotten that labour conflicts are related to some of the most acute conflicts capable of leading to serious social shocks. The most dangerous and negative consequences of the development of such conflicts is that they combined with other factors, mainly economic and political, may lead to an extraordinary crisis situation in a particular organization and even in a whole industrial sector.

The existence of conflict in an organization or business does not mean that it is in crisis, as the conflict is not inevitable, but even could bring use. And if we accept that, it is a method of dealing with the controversies, method of interactions between the complex socio-economic systems. The frequent outburst of conflicts would not mean a serious problem if they are promptly diagnosed and are followed by appropriate decisions. Otherwise, the organization could not be successful and could fall in crisis.

Against the background of such contradictions and conflicts identified in the various spheres of economic activity, the role of conflictology will be increasing not only in the processes of conflict management but also their regulation, preventing, predicting, stimulation, and resolving. For all these reasons, the management of the conflicts within and between the organizations is a complex component of the process of regulation of social-production relations. This is one of the conditions necessary for the anti-crisis management.¹⁰

¹⁰ L. P. Piskunova, *Economic conflictology*, Yekaterinburg 2007.

As it could be seen, the reasons and the prerequisites for the economic conflicts are very different. Their detailed consideration falls outside the scope of the present statement. However, the conclusion that LPS as socio-economic systems are under the influence of all prerequisites for the occurrence of different conflicts, remains undoubted. For this reason, currently there are no ways the LPS to be adequately examined without the tools of the conflictology and synergetics.

How could it be realized? We are sure that one of the possible ways is to apply the presented below modernized methodological complex of scientific approaches to LPS' research.

4. The need for a modernized set of research approaches to LPS

It is well known, that not only in Bulgaria the transition to a new political and economic relations cause conflicts and contradictions unknown in the history, which have led to and continue to generate systemic social crises and catastrophes.¹¹ This additionally gives us grounds to claim that there is an acute need for conflictological knowledge. Knowledge – both in the theoretical research of the problems with the apparatus of the conflictology, and by the application of adequate technologies in the sphere of the management. Precisely the conflicts of any nature, which accompany our life, impose the application of updated set of methodological approaches and research methods, in which the leading role is assigned to the science of social conflicts.

There are several basic scientific approaches of research which have proven their effectiveness over the years. In the practice of scientific research with success, the systemic, the complex, the situational and the historic approaches are used¹². Usually they are applied in one degree or another in the form of components of set of different methodological approaches

¹¹ D. Y. Dimitrov, *Conflictology and conflictological culture, op. cit.*, p. 29.

¹² Idem, *Approaches to research of socio-economic systems management*, Sofia 1990.

and research methods. In this way, it creates an opportunity for a complex analysis to uncover the causes of the issues being examined above all on scientific-methodical and scientific-practical level.

Somebody may say – why “set”, and why “modernized”? Undoubtedly, set because in science, the use of different methodological set has no alternative in the implementation of researches, affecting different types of complex problems in their most varied aspects and levels.

We intend to offer a set of methodological approaches to the study of LPS imposed by the systemic and complex nature of the questions which could solve, by the complexity and some other characteristics of the objects and purposes of the study. As we stated, the leading role in it is given to the conflictological and the synergetics approaches. Their place in the different studies of the LPS will find and the other classical research approaches.

The offered set is “modernized” because of the new approaches which we have intention to use. That is the answer of the second part of the above question.

The concrete offered combination of approaches aims to increase the coverage of the subject of the different studies of the LPS in order to achieve their goals and objectives.

Applying the systemic approach enables to reveal the most characteristic aspects of the researched object and helps to reduce its “redundant” complexity. Arguments in favor of the use of this mandatory for any research approach seem to be redundant.

The conflictological approach along with the appropriate conflictological methods, gives opportunity to analyze the current state of the researched LPS as fully as possible. Also it is possible with comparably high accuracy to predict their future state, the possible accompanying contradictions and conflicts in them.

The next element in the set revealed in the present paper is the situational approach. The main thesis on which it is based is that in the conditions of a dynamically changing environment, it is not possible to apply the same principles, methods, and tools of management. In any particular activity to social organizations (LPS are of that type) under the influence of external and internal factors and conditions, different situations

arise. This requires their solving by finding adequate, creative application of management theory. The situational approach implementation suggests:

1. assessment of the context of the changes affecting LPS;
2. assessment of the content of changes;
3. implementation of the process of changes;
4. a possible change of the strategy and management of changes, if necessary.

It means changing the structure, changing the culture and at the end – work with the people. If we follow these steps in LPS researches, the achieved results will be improved.

The implementation of the historic approach together with conflictological one will help to determine the stage of the life cycle, in which the studied LPS are and the possible consequences of their transformation to a qualitatively new level corresponding to the contemporary requirements.

In turn, the implementation of the synergetics approach is needed, because LPS could be defined as systems of connected companies and organizations, the significance of which as a whole exceeds the simple sum of the component parts.

The implementation of an integrated-complex approach is intended to cover the whole range of factors influencing the course of processes in the study of LPS. It serves as basis of the establishment of the tasks, whose solution is sought in achieving the goal set before research. There is also a leading role in the formulation of the research problem and the construction of any particular research.

To characterize the studied object satisfactorily from the viewpoint of the set for the study object, as well as the purposes of research and tasks, it is necessary to define the various aspects of the study, using the methods of the various sciences, and scientific disciplines.

The nature of the objects (LPS), imposed to be used at least in the following aspects for their study:

1. Legal aspects of research – study of the legal base regulating social relations in the LPS sphere;
2. The information-technological aspect of research;
3. System-integration aspect, and finally
4. Conflictological aspect.

Through the implementation of the latter, a clearer picture of the specific variety of interests, connections, relationships and interactions, contradictions and conflicts in connection with the functioning of the existing LPS, is expected.

5. Conclusions

Not coincidentally, in this paper we examined the possible set of methodological approaches to LPS studies.

In Bulgaria, the knowledge about the theory of LPS is in the beginning. There are many publications about competitive advantages of the country, geographical location, the population, the climate, etc., which are a prerequisite in order for these benefits to be utilized in the context of the ongoing processes of globalization and regionalization. It should further be deepened by the detailed research, in order to provide answers for the real problems and achievable targets that have to be placed.

LPS is a very comprehensive concept covering important connections, the complementarity between sectors, the diffusion of technologies, the habits, information, marketing and understanding the requirements of the contracting entities. Such connections seem to be essential in a competitive struggle and increasing productivity, especially in determining the guidelines and locations of the organization of new business and implementation of innovations. All these relations, connections, interactions etc., in one way or another, are subject to conflicts, chaos, and instability.

That is why the proposed modernized set of research approaches to LPS with the help of the conflictology and the synergetics set of approaches, which prove to be vital for successful implementation of scientific research related to LPS.

The cognitive and analytical capabilities, that give the conflictological approach and the conflictological methods along with the synergistic approach, allow analyzing the current state of the studied LPS as fully as possible. As well as, it is possible with comparably high accuracy to predict

their future state and the possible accompanying contradictions and conflicts. With their help it is most easily to reveal the contradictions, different interests, their bearers, and the roots of the problems.

In our opinion, the implementation of proposed set of methodological approaches of research has no alternative. Social practice in the coming years will show whether our proposed methodological set of scientific approaches is adequate to the actual situation and future developments in the sphere of LPS in Bulgaria.

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Abstract

In the present study, the issues related to the development and implementation of a methodology for investigation the feasibility of implementing the Conflictological and Synergetics Approaches in the development of LPS in Bulgaria, is addressed. The transition into the existing situation in Bulgaria in this area is imposed by the profound changes in the economic and social spheres of the society, along with the accompanying changes

at local level, which significantly changed the nature of the tasks in the field of national and especially of regional economic policy. In our opinion, in the current highly dynamics and characterized by a high degree of uncertainty and risks environment, it is very important to use all the possibilities for the realization of modern efficient economic policy and practice to secure economic security at the regional level, primarily through the development of LPS on its territory. This suggests the involvement of the science. The attempt of such involvement is undertaken in this paper.

Key words: local production systems, methodology, conflictology, synergetics.