

# **Functioning of the Local Production Systems in Central and Eastern European Countries and Siberia**

**Case Studies and Comparative Studies**

Edited by  
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## CONTENTS

<b>M. E. Sokolowicz</b> – Foreword .....	7.
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### PART I. CASE STUDIES

<b>K. Borseková, K. Petříková</b> – Creative local production systems (the case of building a creative city Košice) .....	15.
<b>N. A. Kravchenko</b> – Regional production system driven by innovation development: case of Siberia, Russia .....	41.
<b>I. Slavova-Georgieva</b> – The competitiveness of cluster “Srednogorie med”: preconditions and limitations .....	53.
<b>Y. Tsvelodub</b> – Coal mining areas: environmental issues and solutions (on the example of Kuzbass) .....	71.
<b>R. Radev</b> – Business strategies of companies and local production systems in Bulgarian dairy industry .....	91.

### PART II. COMPARATIVE STUDIES

<b>M. Kalisiak-Mędelska</b> – Self-government in Poland and Russian federation – introductory remarks .....	119.
<b>B. Gontar</b> – Email inquiries in hotels. Comparative study of Łódź and Novosibirsk .....	139.
<b>I. Bednarska-Wnuk</b> – Mobile behaviors of generation C in the local labor Market: A case study of Poland and Russia .....	153.
<b>K. Januszkiewicz</b> – A career model under the conditions of change and economic crisis – a comparative study conducted in Poland and Russia .....	173.
<b>Z. Gontar</b> – Perspectives of Integrated “Next Industrial Revolution” Clusters in Poland and Siberia .....	189.
<b>M. Marks-Krzyszowska</b> – Polish and Russian rural areas in transition. Land and demography .....	211.



## FOREWORD

Interest in territorial forms of organization of production seems to be today at its peak, both among researchers and practitioners, representatives of authorities, entrepreneurs or experts involved in developing the idea. Many studies, which consider this phenomenon, are conducted by different research teams and cover various, often economically and culturally distant areas, which results in a variety of ideas.

Referring to a range of territorial forms of organization of production as the emanation of the agglomeration economies' mechanism, we should refer to their roots, represented by the concept of industrial district, introduced by Alfred Marshall.<sup>1</sup> This Author was the first who introduced this concept as a tool of explaining systematically the reasons of effectiveness, derived from the geographical proximity of enterprises. Thanks to joining together economical, social and cultural resources of a given territory inside the framework of industrial district, a new important production factor appears. This factor is an alternative to the basic production factors and from this moment – a concentration of enterprises is not only a simple geographical agglomeration of enterprises, but rather an economic and social network built on mutual interrelations.

The Marshallian concept of industrial districts has also formed a strong conceptual basis for many other models of territorial organization of production. Among the most recognizable one can indicate neomarshallian

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<sup>1</sup> A. Marshall, *Principles of Economics*, Macmillan, London 1920.

industrial districts (knew also as Italian industrial districts),<sup>2</sup> new industrial spaces,<sup>3</sup> French concept of innovative *milieux*,<sup>4</sup> the idea of learning regions,<sup>5</sup> and finally the Porter's concept of clusters<sup>6</sup> having, however, many critical counterparts.<sup>7</sup>

Finally, one of the most fruitful strands of economic thought on the mechanism of territorial concentration of economic activity can be identified in the works on local production systems (LPS).<sup>8</sup> Local production systems (LPS) are undoubtedly one of the most important factors of competitiveness and innovativeness. Due to their philosophy of functioning (partnership and cooperation of various types of milieus), they create a platform for joining the worlds of economy, public sector and science – hitherto isolated.

In the contemporary literature one can also find critical approach to the local production systems. It refers strongly to the cognitive aspect

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<sup>2</sup> G. Becattini, *The Marshallian Industrial District as a Socio-economic Notion*, [in:] F. Pyke, G. Becattini, W. Sengenberger (eds.), *Industrial Districts and Inter-firm Cooperation in Italy*, International Institute of Labour Studies, 1990, p. 37–51.

<sup>3</sup> A. Scott, *New Industrial Spaces: Flexible Production Organization and Regional Development in North America and Western Europe*, Pion, London 1998.

<sup>4</sup> Ph. Aydalot, *Trajectoires technologiques et milieux l'innovation*, [in:] Ph. Aydalot (ed.), *Milieus innovateurs en Europe*, GREMI, Paris 1986; R. Camagni, D. Maillat, *Milieus innovateurs. Theorie et politiques*, Oeconomica Anthropos, Paris 2006.

<sup>5</sup> B. Asheim, *Industrial Districts as Learning Regions. A Condition for Prosperity?*, “Studies in Technology, Innovation and Economic Policy”, University of Oslo, Oslo 1995; R. Florida, *Toward the Learning Region*, “Futures” 1995, Vol. 27, No. 5, p. 527–536.

<sup>6</sup> M. E. Porter, *Clusters and the New Economic Competition*, Harvard Business Review, November–December 1998, p. 78; M. E. Porter, *The Competitive Advantage of Nations*, The Free Press, New York 1990.

<sup>7</sup> E. J. Feser, *Old and New Theories of Industry Clusters*, [in:] M. Steiner (ed.), *Clusters and Regional Specialisation*, Pion, London 1998; A. Hamdouch, *Innovation Networks and Clusters: A Critical Review of the Recent Literature*, Proceedings of the 19<sup>th</sup> EAEPE Conference: Economic Growth, Development and Institutions, Porto 2007, [www.fep.up.pt/conferencias/eaep2007/Papers%20and%20abstracts\\_CD/Hamdouch.pdf](http://www.fep.up.pt/conferencias/eaep2007/Papers%20and%20abstracts_CD/Hamdouch.pdf). Accessed 02.08.2014. R. Martin, P. Sunley, *Deconstructing Clusters: Chaotic Concept or Political Panacea?*, “Journal of Economic Geography” 2003, Vol. 3(1), p. 5–35.

<sup>8</sup> C. Courbet, *Les systemes productifs locaux: de la definition au modele*, [in:] *Reseaux d'entreprises et territoires. Regards sur les systemes productifs locaux*, DATAR. La documentation Francaise, Paris 2001.

of their functioning, as despite semantic similarities between definition of various territorial forms of organization of production (including LPS), they still remain ambiguous. It refers both to the basic concepts and the scale of analysis (there is no agreement to which scale geographical proximity this concept should refer).<sup>9</sup> This ambiguity challenges the possibility of building grounded and internally coherent theory of local production systems and other forms of territorial organisation of production.<sup>10</sup> In this context, regional and local case studies can contribute significantly to the stock of knowledge about local production systems. However, in order to ensure their comparability and to elaborate a common “research code”, a creation and development of platforms for collaborative research is necessary.

Such research platform has been created within the framework of the project *Functioning of the local production systems in the conditions of economic crisis (comparative analysis and benchmarking for the EU and beyond)* (acronym FOLPSEC), financed by the European Union’s 7<sup>th</sup> Framework Programme. A project that aimed at exchange knowledge on research approaches in studying LPS, and making use of knowledge gained through the international cooperation, concentrated primarily on identifying both common features and territorial specificities of local production systems’ functioning in Bulgaria, Poland, Russia, Slovakia and Ukraine.

This book is a collection of the most empirical part of the studies conducted during this project and consists of two parts. First is devoted to the case studies of local production systems functioning in Bulgaria, Russia, and Slovakia, while the other presents the results of valuable comparative studies made in chosen cities and regions in Bulgaria, Poland, Russia, Slovakia and Ukraine. First part opens the work of **K. Borseková** and **K. Petriková**, analyzing the case of building a creative city Košice,

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<sup>9</sup> T. G. Bunnell, N. M. Coe, *Spaces and Scales of Innovation*, “Progress in Human Geography” 2001, 25(4), p. 569–589.

<sup>10</sup> F. Moulaert, F. Sekia, *Territorial Innovation Models: A Critical Survey*, “Regional Studies” 2003, Vol. 37.3, p. 289–302; M. E. Sokołowicz, *Territorial Context in the Research on the EU Cohesion. One-Speed or Multi-Speed Europe?*, [in:] T. Markowski, M. Turala (eds.), *Territorial Cohesion Policy in Poland – Issues in Impact Assessment*, “Studia Regionalia” 2012, Vol. 33, p. 9–28.

Slovakia. Its lecture can reveal that creativity as a source of future development can be a solution for some cities not only in western European and Northern American, but also in transforming economies. Similarly, writing of **N. Kravchenko** shows that the concept of regional innovation systems can be applied in Russian Siberia, on the basis of the geographic concentration of technological potential of Novosibirsk companies, universities and research centers.

Next three papers are the case studies of local production systems from different industries. Chapter by **I. Slavova-Georgieva** is a case study of Bulgarian mining cluster “Srednogorie Med” (made with the usage of widely recognizable “Porter’s diamond” method) and can be compared with the deep analysis of the environmental issues of Kuzbass coal mining area in Russia, made by **Y. Tselodyb**. First part of the monograph closes work of **R. Radev** on business strategies of some companies and local production systems operating in Bulgarian dairy industry.

Comparative studies being the second part of the monograph leave aside the presentation of particular LPS, but concentrate on the comparisons of the economic, social and technological conditions of their functioning. Showing the similarities and differences in the establishment and functioning of self-government in post-communist times in Poland and Russian federation, is the subject of the work conducted by **M. Kaliśiak-Mędełska**. It is followed by the comparative study of e-mail inquiries in hotels of Łódź (Poland) and Novosibirsk (Russia), as technological drivers of business trips (**B. Gontar**).

Another two chapters refer to the aspects of human capital development as one of key factors of the functioning of economies and local production systems as well. Paper of **I. Bednarska-Wnuk** is a study on the needs, attitudes and competences of the generation of youngsters (university leavers) from Łódź and Novosibirsk just before entering the labor market while work of **K. Januszkewicz** is an attempt to depict a more general career model of the young generation on Polish and Russian labor markets.

Last two papers also refer to the Polish-Russian comparisons. **Z. Gontar** presents the mapping of potential next industrial revolution clusters in Poland and Siberia within the framework of economic deindustrializa-



tion processes, and **M. Marks-Krzyszowska** depicts the social and economic aspects of rural areas transformation in both countries.

The main idea of this monograph was to present the case studies and comparative studies of countries classified as part of Central and Eastern European economies. Additionally, in case of Russia, also Siberian part of this country was taken into account. In all the above countries and their cities and regions, one can identify many similarities, but also differences. Within last twenty years, all of the countries where research was made, have been transforming their economies from post-socialist into market-based. Thus, one of the axes of the comparison went naturally in this direction. The other similarity – a particular geographical location – resulted in analyzing business strategies of LPS concentrated mainly on CEE markets.

On the other hand, also many differences between these countries have been identified. Some of them can be observed on the national economies level, but undoubtedly most of them were of local and regional character – the main geographical scope of LPS studies. These studies always underline that every “territory” should be considered not only as a subject of analysis, but a variable itself, having its own historical, social and economic development trajectories. With no doubt, identifying them can contribute significantly to deepening the knowledge about local production systems functioning in this part of the world.

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