INFLUENCE OF PROCESSESS OF SYSTEM TRANSFORMATION UPON THE DEVELOPMENT OF SMALL PRIVATELY-OWNED COMPANIES ON THE BORDERLINE AREA BETWEEN POLAND AND SLOVAKIA

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Abstract: The paper aims at analyzing the development and spatial structure of small private companies in the area of Polish-Slovak frontier during the system transformation. The research was limited to the smallest non-agricultural private companies with up to 9 employees. They constitute 96 % of a total number of small companies in Poland. The studied area includes: a frontier region (the voivodship diretly adjacent to Polish-Slovak border) and a frontier zone (districts adjacent to the border along the line $20-40~\mathrm{km}$ long.). The research has showed that during the system transformation time a dynamic development of small private companies in the area of Polish-Slovak frontier was noted. The greater number was observed in touristic communes situated in the mountains, located along the main communication trails (most often connecting border crossings with the capitals of voivodships) and in towns and communes being the leaders of the local development.

Key words: small, private companies, Polish-Slovak frontier, intensity index.

1. INTRODUCTION

In the years 1988 – 2003 numerous crucial political, social, economic and cultural changes linked with system transformation were observed. Property and size structure of economic subjects transformation was particularly visible. By the year 1988 poperty structure in Poland was characterized by a marked dominance of the public sector. Private sector then was of marginal importance and included only 7 % of the employees and 5 % of global production. Size structure was characterized by the dominance of big companies. According to P. Glikman (2000) at the end of the eighties of 20th century, the participation of small companies in the employment structure in industry was not more than 20 %, in retail trade ammounted to 10,3 % and in service (without trade) – 30 %. The indexes compared with OECD countries in the industry were higher than 50 % and in trade and services – 60 %.

In the years 1988 – 2003 the participation of the private sector in the employment structure increased up to 70 % and in global production went up to 77,1 %. Also, in the size structure of economic subjects some important changes were seen. In the year 2003 small companies (with up to 50 employees) constituted 99 % of the total number of economic subjects. This number is comparable to the EU countries, where small companies constitute approximately 99 % of the total number of companies, as well.

In a professional literature a belief prevails that in the frontier areas there are conditions which are considered paricularly favourable for the emergence of small companies due to increased frontier traffic. In the area of Polish-Slovak frontier there is another additional factor facilitating functioning of such economic subjects-Polish-Slovak frontier includes mountain areas, which demand another approach as far as the development is concerned due to their distinctness as to their natural, social, economic aspects and historical conditions. The economic development of the mountain areas must be balanced with a protection of the variety of cultural and natural conditions. Such a concept consents ideally with a development of small private companies, as economic activities for small scale, regardless their number, are nearly always less harmful to the environment than bigger scale activities, as their range is always more limited (Schumacher, 1981). Moreover, small companies are flexible, mobile, their resistance to critical situations is greta and, what is the most important, they create new workplaces.

In the light of all above-mentioned remarks, this article aims to analyse the development and spatial structure of small private companies in Polish-Slovak frontier in the period of system transformation. The research has included only the smallest non-agricultural private companies that employed up to 9 persons. They constitute 96 % of the total number of small companies in Poland.

2. RESEARCH AREA, INFORMATION SOURCES AND RESEARCH METHODS

In the article there has been assumed, following A. Stasiak (1993), that there exist:

- a) frontier regions voivodships directly adjacent to Polish-Slovak border (the Małopolskie and Podkarpackie Voivodships)
- b) a frontier zone including districts adajacent to the border within 20 40 km (districts: Bieszczadzki, Leski, Sanocki, Krośnieński and Jasielski in the Podkarpackie Voivodship, districts: Gorlicki, Nowosąsdecki, Nowotarski, Tatrzański and Suski in the Małopolskie Voivodship and Zywiecki District in the Śląskie Voivodship).

The research in the frontier region was performed on the basis of data obtained from tax offices for the years 1988 – 2003. The basic spatial unit is, so called, region of a tax office. The area of a region included usually whole district. As far as frontier zone is concerned, a commune is a basic spatial unit. The only available source on the communes was REGON system of GUS. The data obtained from different sources were not identical, thus, there have been veryfied. In the year 1988 data from tax offices were only by 0,2 % higher tha data from GUS, therefore they have been accepted without any doubts. However, in the year 2003 data from the Malopolskie and Podkaprackie Voivodships, obtained from GUS, were by 11,5 % higher that data obtained from tax

offices. Hence, a decision has been made to estimate the number of small companies in the area of communes of Polish-Slovak frontier in the year 2003. The procedure has been carried out as follows:

- average percentage index of each commune participation in the total number of small companies within given region of a tax office (district) for the years 1988 – 2003 has been assumed.
- 2. the number of small companies in every commune has been estimated on the basis of data from tax offices for the year 2003 by multiplying previously received indexes by the number of small companies in an adequate region of a tax office (districts).

In this paper the development process of small private companies has been presented in two periods: 1988 and 2003. The year 1988 has been assumed to be the last year of the state controlled economy in Poland.

Basic stastical indexes have been employed in this paper (intensity index picturing a number of small companies per 1000 inhabitants, growth indexes of the number of small companies in the years 1988 – 2003), cartograms and cartodiagrams.

3. DISTRIBUTION OF SMALL PRIVATE COMPANIES IN POLISH-SLOVAK FRONTIER IN THE STATE CONTROLLED ECONOMY

In the year 1988 in the area of Polish-Slovak frontier there were 78,1 thousand small privately-owned companies (what constituted 12,5 % of a total number of such companies of Poland, whereas in these voivodship the population constituted 13,8 % of the total population of Poland) (Table 1). The frontier zone concentrated 21,2 thousand small companies, i,e. 3,4 % of a total number of small companies in Poland and 3,0 % of population of Poland.

Table 1 Small privately owned companies on the borderline area between Poland and Slovakia in the year 1988

	Number of small		Percentage participat	ion in Poland	
Detailed list	private companies	Population	in the number of small private companies	in population	
Borderline region	78137	5223.1	12.5	13.8	
Borderline zone	21211	1212.8	3.4	3.2	
Poland	624420	37904.7	100	100.0	

Source: Author's own analysis

The greatest significance in the spatial structure of small companies had the region linked with the biggests town in the area – Kraków. There were 19,5 % of small private companies of the studied area and 18,4 % of a total population. (Table 2, Figure 1).

Second position took the regions linked with 5 towns, such as: 4 provincial capitals (Nowy Sącz, Rzeszów, Tarnów, Przemyśl) and a town characterized by strongly developed touristic functions (Nowy Targ). The greatest number of regions with up to 1,5 thousand has been observed. In the year 1988 the group consisted of 22 regions, which jointly concentrated nearly 30 % of a total number of small companies within the studied area and nearly 35 % of inhabitants.

Table 2 Spatial structure of small private companies on the borderline between Poland and Slovakia in the year 1988

Number of small privately companies	Number of	Number of small private	Number of	Structure [%]	
(intervals) [in thousands]	regions	companies	inhabitants	of small private companies	of population
do 1,0	10	7770	671209	9.9	12.9
1,0 - 1,5	12	15218	1180923	19.5	22.6
1,5 – 2,0	7	12112	777432	15.5	14.9
2,0 - 3,0	4	9792	546893	12.5	10.5
3,0 - 5,0	5	18045	1086687	23.1	20.8
14,0 - 15,0	1	15200	959928	19.5	18.4
Total	39	78137	5223072	100.0	100.0

Source: Author's own estimation based on data obtained from tax offices and statistical yearbooks of GUS (Main Statistical Office).

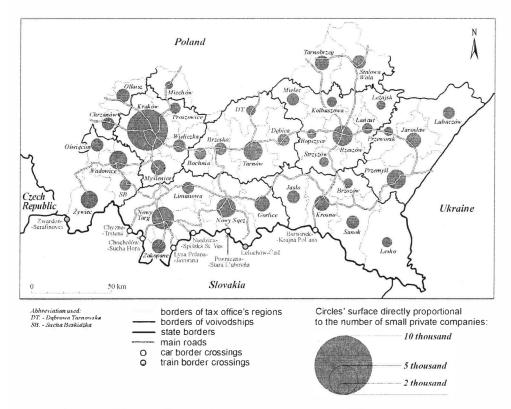


Figure 1 Distribution of small private companies in the area of the borderline region between Poland and Slovakia in the year 1988

The analysis of the intensity index shows little spatial diversity of the potential of small private companies. The index in the frontier region varied from 8,9 to 23,7 with the average value 15,0 (in Poland 16,5) and in the frontier zone from 2,4 to 79,0 with the average value 17,5 (Table 3).

The highest intensity indexes were noted in touristically attractive small towns and communes with health resorts situated along main communication trails (Zakopane,

Nowy Targ, Rabka – Zdrój, Maków Podhalański, Stary Sącz, Muszyna, Piwniczna). As a rule, in the rest of the communes the index did not exceed 30 (Figure 2).

Table 3 Intensity index (number of small private companies per 1000 inhabitants) in the area of borderline between Poland and Slovakia in 1988

Detailed list	Intensity index (number of small private companies per 1000 inhabitants)				
Detailed list	average value	minimum and maximum value			
Borderline region	15.0	8,9 - 23,7			
Borderline zone	17.5	2,4 - 79,0			
Poland	16.5	7,1 - 39,2			

Source: Author's own analysis based on data obtained from tax offices and GUS

Intensity indexes were not high in all the Polish territory, including the area of Polish-Slovak frontier and the regional differences between particular units were not big. It resulted from the centrally steered rationing of the premissions for conducting economic activity.

4. CHANGES IN A NUMBER OF SMALL PRIVATE COMPANIES IN THE AREA OF POLISH-SLOVAK FRONTIER DURING THE TRANSFORMATION PERIOD

In the years 1988 - 2003 a number of small private companies in the area of Polish-Slovak frontier increased to 391,7% and in the forntier zone to 352,2%, whereas the dynamics index of small private companies for Poland ammounted to 381,8% (Table 4).

Table 4 Dynamics of the number of small privately owned companies on the area of borderline between Poland and Slovakia in the years 1988 - 2003

	1988		20	Dynamics of	
Detailed list	Number of small private	Population number (in	Number of small private		the number od small private
	companies	thousands]		[in thousands]	
Borderline region	78 137	5 223	306 099	5 437	391.7
Borderline zone	21 211	1 213	74 703	1 284	352.2
Poland	624 420	37 905	2 384 115	38 219	381.8

Source: Auhtor's own analysis based on data obtained from tax offices and GUS

Marked increase in the number of small companies was noted mainly in the communes with border crossing. It was closely related to opening the state border for the flow of people and goods. As T. Komornicki states (2003) in the eighties of 20th century Polish-Slovak border was crossed bilaterally by approx. 2,7 million persons annually and in the year 1994 – by 8,9 million people . In the year 2001 r. there were 860 train courses going abroad, 152 (i.e. 18 %) of which fell to Slovakia and out of 2601 bus courses 64 connected Poland and Slovakia per week.

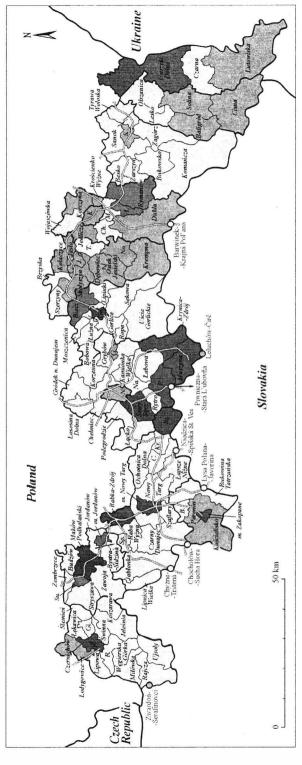




Figure 2 The number of small private companies per 1000 inhabitants in the borderline zone between Poland and Slovakia in the year 1988

Communes known for their touristic values and health resorts were characterized by high dynamics of a number of small private companies, as well. Small companies there had particularly favourable conditions for the development, as touristic and spa movement is mainly served by small private companies linked with room rentals, restaurants and canteens, souvenir production and sale, parkings. In health resorts a dynamic development of small companies dealing rendering services connected with medical therapy (for example massages) and cosmetology was noted.

The lowest dynamics indexes were noticed in the communes which were located on the peripheries of the studied area far from main communication trails.

5. DISTRIBUTION OF THE SMALL PRIVATE COMPANIES ON THE POLISH-SLOVAK FRONTIER IN THE YEAR 2003

Diverse dynamics influenced a change in spatial structure of small private companies on the studied areas. In the year 2003 in the frontier region there were more than 306 thousand companies, what constituted 12,8 % of a total number of such economic subjects. In Poland (this area concentrated 14,2 % of population in Poland) and in the forntier zone there were 74,7 thousand small private companies, i.e., 3,1 % of a total number of small private companies in Poland (3,4 % of population in Poland). It means that in comparison with the year 1988 the frontier region only slightly increased its share in the structure of small companies in Poland (by 0,3 %) and the frontier zone only slightly decreased its share (by 0,3 %) (Table 5).

Table 5 Small privately-owned companies in the area of the borderline between Poland and Slovakia in the year 2003

	Number of small	Population	Percentage participation in Poland		
Detailed list	private	number	in the number of small	in nonulation	
	companies	[in thousands]	private companies	iii population	
Borderline region	306 099	5 437	12.8	14.2	
Borderline zone	74 703	1 284	3.1	3.4	
Poland	2 384 115	38 219	100.0	100.0	

Source: Author's own analysis

In the year 2003 Kraków visibly dominated in the spatial structure of small companies in the area of Polish-Slovak frontier (Table 6, Figure 3). It included 29,3 % of a total number of small companies within the studied area and 18,7 % of population. Second position belonged to successive, as far as the size is concerned, towns: Rzeszów and Tarnów. It confirms a well-known thesis (Veltz, 1992, Hansen, 1991) that big towns create the most favourable conditions for development of various kinds of economic activity. As far as small companies are concerned the development conditions are, such as: well developed technical infrastructure, greater concentration of economic subjects (than in the other regions), what enables the cooperation of small companies with the other enterprises, well-qualified staff and the concentration of institutions supporting small companies. Big towns are best adjusted to postfordian production organization and consumption. It can be seen, among other things, in higher salaries (than in small towns),

lower unemployment rate, foreign capital influx. People change their qualifications swiftly and being better educated, are more susceptible to innovations. The big towns are characterized by better and universally developed economic base, due to which they fullfill various service functions (Kudełko, 2003).

Table 6 Spatial structure of small private companies in the borderline region between Poland and Slovakia in the year 2003

Number of small privately companies	Number of	Number of	Population	Structure [%]	
(intervals) [in thousands]	regions	small private companies	number [in thousands	of small private companies	of population
to 2,0	7	11 921	363.1	3.9	6.7
2,0 - 3,0	4	9 352	267.0	3.1	4.9
3,0 - 5,0	7	28 805	662.2	9.4	12.2
5,0 - 7,0	12	73 550	1 544.7	24	28.4
7,0 - 10,0	4	34 657	501.8	11.3	9.2
10,0 - 20,0	4	58 076	1 080.3	19	19.9
80,0 - 100,0	1 1	89 738	1 017.7	29.3	18.7
Total	39	306 099	5 436.9	100.0	100.0

Source: Author's own analysis based on data obtained form tax offices and GUS

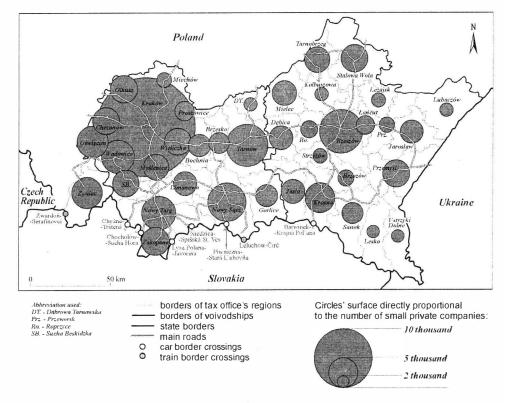


Figure 3 Distribution of small private companies in the area of the borderline region between Poland and Slovakia in the year 2003

Smaller towns situated in the mountains had a great number of small privately-owned companies, as well (Nowy Targ, Nowy Sącz, Zakopane, Żywiec). Strongly developed touristic function in the towns had a decisive influence upon the development of the small companies.

The smallest number of small companies (up to 5 thousand) was noted in the regions connected with the smallest towns of Polish-Slovak frontier. In the year 2003 the group was created by 18 regions, which jointly included 16,4 % of a total number of small companies in the studied area and 23,8 % of the inhabitants.

Intensity index constitutes an illustration for the diversity of conditions for small companies' development. In the year 2003 this index in the frontier region ammounted to 43,7, in the frontier zone 48,7, whereas in Poland – 62,4 (Table 7).

Table 7 Intensity index (number of small private companies per 1000 inhabitants) in the area of borderline between Poland and Slovakia in 2003

Detailed list	Intensity index (number of small private companies per 1000 inhabitants)			
Detailed list	average value			
Borderline region	43.7	22.7 – 111.4		
Borderline zone	48.7	44.7 – 111.4		
Poland	62.4	19.6 – 151.1		

Source: Author's own analysis based on data obtained from tax offices and GUS

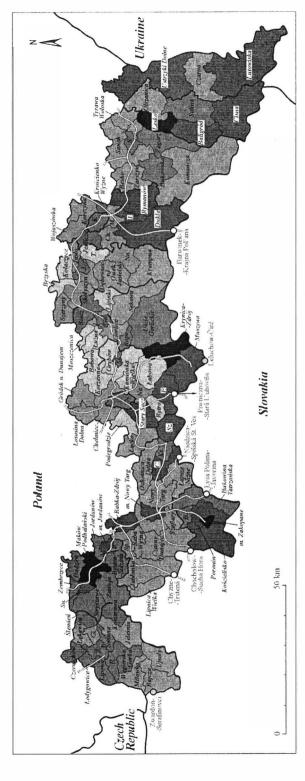
The highest intensity indexes were noted in the following areas (Figure 4):

- in the communes with touristic values (Ustrzyki Dolne, Lesko, Krynica, Szczawnica), where small, private companies are strongly linked with the development of various forms of tourism and wood industry.
- in the communes with border crossings (Bukowina Tatrzańska, Muszyna, Piwniczna, Dukla),
- in communes with resilient local self-governments (Lutowiska, Ustrzyki Dolne, Cisna). The communes are placed on a list of the leaders of the local development (Surażska, 2001). Functioning of the small companies is mainly connected with touristic service. Companies involved in wood industry function well, too (due to raw materials base). Morever, the communes have the status of mountain communes and owing to this fact they receive grants from EU mainly for the development of the technical infrastucture.
- in towns situated along main communicataion trails and with well developed touristic and/or spa function (Zakopane, Nowy Targ, Rabka – Zdrój, Maków Podhalański, Stary Sącz).

The smallest number of small companies per 1000 inhabitants was registered in the rural communes situated peripherally to the main settlement of the studied area.

6. SUMMARY AND CONCLUSIONS

1. In the time of the state economy the government policy toward a private sector was mainly restrictive. The role of private activity in appearing tension on the market, but



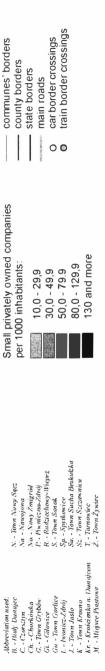


Figure 4 The number of small private companies per 1000 inhabitants in the borderline zone between Poland and Slovakia in the year 2003

- ideological reasons were far more important than economic and social aspects. These premises resulted in strong restriction of the development of small private companies in whole Poland as well as in the area of Polish-Slovak frontier.
- 2. The change in political, economic, social and cultural conditions connected with the transformation process influenced the increase in importance of the private sector in the national economy. Removal or restriction of some barriers (mainly legal obstacles) resulted in noticeable development of the private sector.
- 3. Presently, small privately-owned companies contitute an importnat element in the economic structure of Polish-Slovak frontier. In the year 2003 in the frontier region there were more than 300 thousand. Taking into consideration a fact that averagely 2 people are employed in small companies (Kamińska, 2004), one can assume that in the region of Polish-Slovak frontier the companies created approx. 600 thousand workplaces.
- 4. Comparing the potential of small, private companies on the studied area to the other regions of Poland it appears that the areas situated within the close proximity to southern border show lower economic activity than central and western part of Poland. It means that the territories have not taken advantage of their attractive location.
- 5. With reference to the B. Górz (2003) classification, one can distinguish following types of areas characterized by diversed degree of the development of small privately-owned companies:
 - a) areas with outstanding natural values, where the development of the private entrepreneurship is strongly connected with the development of various forms of tourism (for example health resorts, holliday resorts). The area includes chiefly the Karpatian mountains (for example Czorsztyn, Kościelisko, Maków Podhalański, Poronin, Bukowina Tatrzańska,). The significance of the communes as local entrepreneurship poles has been confirmed in other studies (Dębski, 2002, Górz, 2003, Kamińska, 2004). Intensity indexes in the areas are usually higher than 50.
 - b) areas situated along the main communication trails (mainly along the routes Kraków Chyżne and Kraków Zakopane). Here, a main factor of the development of enterpreneurship is communication accesibility. Intensity indexes are over 30.
 - c) areas in the frontier, particularly connected with border crossings. Presently ,on Southern border there are 8 car border crossings and 9 small cross-movement borders. The location near the border is conducive to the development of small companies connected with small gastronomy, trade (including open air markets), room rentals, etc. Here, intensity indexes are mainly high. (more than 40).
 - d) rural areas with low degree of economic activity (the indexes do not exceed 30). A hindrance to the development of small privately owned companies is their peripheral location, far form the main centers of settlement net and main communication trails. Poor technical and economic infrastructure is a consequence. One can presume that demand barrier for goods and services can be of an importance, as well. Communes, such as, for example: Harasiuki, Gromnik, Łużna, Cieszanów are located peripherally.It should be, however, stressed that in the years 1988 2003 in the communes increased development of small private companies has been noted (two-threefold increase).

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Wpływ procesów transformacji systemowej na rozwój małych firm prywatnych na obszarze polsko-słowackiego pogranicza

Resume

Celem artykułu jest analiza rozwoju i struktury przestrzennej małych firm prywatnych na obszarze polsko-słowackiego pogranicza w okresie transformacji systemowej. Badaniem objęto tylko najmniejsze pozarolnicze firmy prywatne – o zatrudnieniu do 9 osób. Stanowią one 96 % ogólnej liczby małych firm kraju.

Przyjęto za A. Stasiakiem (1993), że istnieją: regiony pograniczne – województwa mające bezpośrednią styczność z granicą polsko-słowacką oraz strefa pograniczna obejmująca swym zasięgiem powiaty przylegające do granicy o szerokości 20 – 40 km.

Proces rozwoju małych prywatnych firm przedstawiono w dwóch przekrojach czasowych: 1988 r. i 2003 r. Rok 1988 przyjęto się jako ostatni rok gospodarki centralnie sterowanej w Polsce. W pracy wykorzystano podstawowe wskażniki statystyczne (wskaźnik natężenia obrazujący liczbę małych firm na 1000 mieszkańców, wskaźniki wzrostu liczby małych zakładów w latach 1988 – 2003) oraz kartogramy i kartodiagramy.

Przeprowadzona analiza pozwoliła stwierdzić, że:

- 1. W okresie centralnego sterowania polityka rządu wobec sektora prywatnego była na ogół restrykcyjna, co przejawiało się w ograniczaniu rozwoju małych prywatnych firm zarówno w całym kraju jak i na obszarze polsko-słowackiego pogranicza.
- Zmiana warunków politycznych, gospodarczych, społecznych i kulturowych związana z procesem transformacji wpłynęła na wzrost znaczenia sektora prywatnego w gospodarce narodowej. Usunięcie lub ograniczenie oddziaływania

- niektórych barier (głównie prawnych) spowodowało zauważalny rozwój sektora prywatnego.
- Małe, prywatne firmy stanowią ważny element struktury gospodarczej polskosłowackiego pogranicza. W 2003 r w regionie pogranicznym było ich ponad 300 tys.
- 4. Porównując potencjał małych, prywatnych firm na badanym obszarze z innymi regionami Polski okazuje się, że tereny położone przy południowej granicy wykazują niższą aktywność gospodarczą niż centralna i zachodnia część kraju. Oznacza to, że tereny te nie w pełni wykorzystały swoje atrakcyjne przygraniczne położenie.
- 5. Najbardziej atrakcyjne dla powstawania i rozwoju małych firm prywatnych były:
 - a) obszary o wybitnych walorach przyrodniczych, gdzie rozwój prywatnej przedsiębiorczości silnie związany jest z rozwojem różnych form turystyki.
 - b) obszary położone przy głównych szlakach komunikacyjnych. (przede wszystkim wzdłuż dróg Kraków-Chyżne i Kraków-Zakopane). Głównym czynnikiem rozwoju przedsiębiorczości jest tutaj dostępność komunikacyjna.
 - c) tereny przygraniczne, w szczególności związane z przejściami granicznymi.
 Przygraniczne położenie sprzyja powstawaniu małych firm związanych z gastronomią, handlem (w tym bazarowym), wynajmem pokoi itp.
- 6. Najmniej małych firm powstało na obszarach rolniczych o niskim stopniu aktywności gospodarczej. Barierą w powstawaniu małych, prywatnych firm jest ich peryferyjne położenie, z dala od głównych węzłów sieci osadniczej i szlaków komunikacyjnych. Konsekwencją tego jest uboga infrastruktura techniczno-ekonomiczna. Można przypuszczać, że istotne znaczenie ma również bariera popytowa na towary i usługi.