

SELECTED ASPECTS OF AUSTRIAN-POLISH COOPERATION IN THE INNOVATION OF ENTERPRISES

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Abstract: The article analyses issues of innovation by small and medium-sized businesses in Poland and Austria in the context of the Europe 2020 Strategy. Polish cooperation with Austria is visible mainly in the fields of innovative solutions, nature protection, efficient production and respect for natural resources, which significantly affects sustainable economic development and job growth in both countries. In addition, the countries are connected with respect to economic growth and issues related to the exploitation of natural resources, which are key for the protection of the environment. Related decisions and actions in the near future will have a significant impact on the performance and economic cooperation of the two countries.

Keywords: innovation, cooperation, Europe 2020 Strategy.

1. Introduction

The history of Austria and Poland shows links of close cooperation. Economic relations between Poland and Austria solidified when Poland acceded to the Union on 16 April 2003. Agreements between Poland and Austria during the pre-accession period include those regarding cooperation in the economic, technical and technological fields of October 1995, investment promotion and protection of November 1988, and avoidance of double taxation on income and assets, later amended in January 2004 and February 2008 and entered into force in October 2008¹.

¹ Poland-Austria Business Leader is an initiative that highlights and rewards the best Polish entrepreneurs operating in Austria. Inter alia, it strengthens Poland's economic connections with Austria by integrating the Polish business environment and promoting Polish entrepreneurship and products in Austria. It also summarizes achievements and reflects on future development. The established position and achievements of Polish entrepreneurs in Austria allow us to hope that their activities will continue to grow, thereby strengthening bilateral relations and building a positive image of Poles in Austria. The promotional project "Business Leader of Poland-Austria", selecting winners for reward motivates companies to brave the difficult and demanding Polish community action in the Austrian market. Awards, trophies and the participation of Austrian guests of honor also notifies local economic authorities that Polish companies operating in Austria have competitive products and are modern and in many cases likely to be successful in the local market. The Vienna Chamber of Commerce (WKO) is involved in this year's festivities, as the ceremony is performed at its headquarters.

Austria is proud to have a strong presence in Polish economic life. Austrian companies create approximately 45 000 jobs in Poland. The voivodeship of Greater Poland is one of the regions that most strongly cooperates with Austria, with 415 Austrian companies producing a value of trade ranking third among all Polish regions. Approximately 40 Austrian companies are headquartered there. On 22 May 2014, the Austria and Polish Business Gala took place with the participation of 100 guests; it was organized by the editors of *Polonika* in cooperation with the Vienna headquarters of WPHI Chamber of Commerce (WKO Wien) and was dedicated to the tenth edition of the contest Business Leader Poland-Austria (Top Unternehmen Polen – Österreich 2014) (<https://wien.trade.gov.pl/...>).

The priority actions in cooperation with the Europe 2020 strategy include transfer of knowledge, protection of the environment and sustainable development. Both Poland and Austria have a high level of unemployment (<http://www.umww.pl/...>). The Polish people, as well as nationals of other countries of the Union, may work in Austria without a license but are subject to certain conditions, in accordance with the law introduced on 1 May 2011 against wage and social dumping (Lohn- und Sozialdumping-Bekämpfungsgesetz or LSDB-G). The Act introduces the catch rates and mandatory social insurance rates for employees of the aforementioned countries with existing native Austrian workers. The wage rates of Austrian employees are determined by the relevant laws, regulations or collective agreements (collective wage tariff agreement) concluded by individual employers.

The Europe 2020 strategy is based on activities at the national level and possible European support. This progress in reducing the distance between Poland and more developed EU countries (including Austria) is linked with mobilizing system reform on investment in knowledge and making structural changes towards creating a stronger economy. As outlined in the European Commission's communication on the state of innovation in the European Union, effective innovation policy requires several essential elements: Europe needs reform in the field of investment and transformation in its turbulent environment (Jasiński, 2010; <https://wien.trade.gov.pl/...>).

Today's business is closely linked to globalization and internationalization, as the market is the place where many different links to international markets are located. Recent years have seen an increase in interest in the effectiveness of innovative processes, as a determinant of the competitiveness of companies operating in the international arena. The innovativeness of enterprises is, among others as a result of growing domestic and international competition, as well as the need to reduce production costs, while maintaining the quality of production and the level of consumer satisfaction. The idea of increasing innovation in the context of the cooperation of many companies located on different national markets is becoming increasingly important and it becomes an opportunity to optimize the use of resources and increase their competitiveness in the market.

This paper deals with issues related to selected factors of the enterprise innovation chain in Poland and Austria, with particular emphasis on their cooperation and the impact of other external factors on competitiveness. The process of cooperation between the various entities and organizations located in these countries has been analyzed in detail, from the point of view of the synergy that can be observed in the work of every modern group of organizations and the necessary condition for its development.

The literature on the subject often points to the need for companies to adapt to external trends in the area of innovation (Stachowicz-Stanush, and Sworowska, 2014, p. 138; Stawiarska, 2015, p. 128). Innovative processes refer to the efficiency of the chain of cooperating enterprises, as well as the processes of cooperation that will in the future be a survival in a competitive market. According to many authors cited in this paper, the innovation of the enterprise chain and its links significantly affect the level of economic development of countries and regions. Hence, the analysis of the processes of co-operation in the chain is reflected in many research papers and scientific papers (Kordel, and Machnik-Słomka, 2015, p. 166). The issue of examining the proper relationships, relationships and relationships between the actors involved in the innovation chain is becoming an important scientific issue. From the point of view of effective management, the flows in the innovation chain need to be systematically reviewed so that effective collaboration within the group is superior to that of the innovation actors without reference to competition and business partners. The complexity of the relationship and the multiplicity of links between the links of the innovation chain determine the methods that can be used in the management processes (Szwajca, 2014, p. 100).

Creating a chain of organizations, especially in markets located within short distances and having a tradition of mutual cooperation, gives the opportunity to develop innovation also in small entities, which can make them more competitive on the local or national market. In the presented work the focus was on the innovativeness realized in the area of cooperation between Polish and Austrian companies, which takes on a systemic form. Such forms of business cooperation require the ability to manage not only material resources, but also people and their knowledge. Team innovation, realized within the concept of a chain of relationships, consists of vertical or horizontal integration, and each of these forms also involves the management of people. Essential in this area is knowledge of formulation of teams and knowledge of the functioning of social groups and intangible resources located in them.

One of the most important determinants of the development of innovativeness within the framework of cooperation between Polish and Austrian companies is the functioning of a network of institutions and organizations providing comprehensive services and assistance in the field of advisory, information and financial support for initiatives undertaken by enterprises. The analysis of enterprise innovation in Poland and Austria shows that it is based mainly on the functioning of small and medium enterprises. Their ability to respond flexibly to changes in the socioeconomic environment means that the development of this sector should be the main objective of institutional support (Zawada, Pabian, Bylok, and Cichobłaziński, 2015, p. 7).

Examples of various types of cooperation presented in the publication point to a very wide use of it. It can be based on the integration processes of various institutions and organizations working for the development of economic cooperation. In Europe, as well as in Poland, a number of actions are being carried out based on the cooperation of enterprises and institutions, aimed at improving the quality and development of entrepreneurship.

One of the conditions for effective management of the innovation network (Skowron-Grabowska, Seroka-Stolka, Wójcik-Mazur, Surowiec, and Piertasiński, 2017) is the availability of up-to-date information and knowledge. Therefore, a lot of work was devoted to knowledge and its role in the development of the network of organizations in the field of cooperation between Polish and Austrian institutions. Knowledge management in every organization is primarily aimed at transforming knowledge hidden in open knowledge. This is especially important in organizations' networks that interact with each other in different tasks. In such a network there is the possibility of exchanging information and knowledge, the participants of this process can learn each other and carry out the processes of codification of hidden knowledge, which is in the minds of people and is not widely available. Hidden knowledge results from our experiences, observations, innate talents, predispositions and intuitive thinking. Only teamwork (cooperation) allows for the exchange and codification of hidden knowledge. It is not just cooperation in the implementation of various economic processes, but, above all, the exchange of information and knowledge (Brzostek, and Michna, 2015, p. 53).

Eliminating barriers to knowledge management in various forms of cooperation between Polish and Austrian companies is a challenge not only for entrepreneurs themselves, but also for other actors participating in the exchange process.

Therefore, it can be stated that there are many conditions for creation and management of innovation networks in the activities of Polish and Austrian companies. External conditions such as globalization and dynamic economic development affecting changes in communication, competitors and thus co-operation between entities, financing / co-financing of various projects, etc., can be identified, such as: local conditions, geographic determinants, In the process of creating and managing innovation networks, it is very important to take into consideration internal conditions, understood as the knowledge and skills of people involved in innovation processes, the network structure of cooperating enterprises (the more links the greater the stability of the networks) well defined rules of its functioning.

2. Polish and Austrian ties in economic and trade cooperation

The Polish accession to the European Union in 2004 boosted the dynamics and structure of trade in goods between Poland and Austria. Unfortunately, the financial crisis of 2009 stopped a phenomenon of growth and reduced the dynamic bilateral trade in goods. There was significant improvement in the trade activities in 2010, 2011 and 2012 as turnover indicators to trade increased. Eight hundred Austrian companies are represented in Poland. The data of the Austrian National Bank show that the accumulative value of Austrian direct investments in Poland at the end of 2011 was approximately 3.68 billion euros. This result ranks Austria 10th among foreign investors in Poland. The figures for 2011 indicate a withdrawal of investment capital in Poland totalling 95 million euros. The actual value of Austrian investment in Poland, however, may differ from these values because Polish statistics include only investments above 1 million euros (Sikorska, 2000, p. 34-41).

According to a recent report on the cooperation between the two countries, at least 40 Austrian companies lead investment activities in Poland, each investing a minimum of \$1 million. The largest Austrian investors include Europolis real estate, Bau Holding Strabag AG invested in hotels and office buildings, Raiffeisen Zentralbank, Rigips Austria GmbH and Leier involved in building materials, Wienerberger in ceramics, Porr International Hotels, Henkel CEE in chemicals, Kronospan in the production of particle board and some insurance companies, such as Uniqa, Generali and Wüstenrot, and Vienna Insurance Group. Compared to other States in the region, Poland is also an attractive and promising investment destination for small and medium-sized enterprises (SMEs) from Austria. These are mainly involved in energy industries, environmental technologies, infrastructure and the construction industry, as well as consumer goods (Celuch, and Dziedzic, 2012; [https://www.atn.edu.au/...](https://www.atn.edu.au/)). It can therefore be seen that Austrian companies show great interest in the economic activity in Poland.

3. International cooperation of Polish tourists/guests in Austria

Poles' international travel indicates their country's dynamic growth. According to studies carried out in January 2015 by the UNWTO World Tourism Barometer, it is estimated that global travel will increase from 1138 in 2014 to 1800 in 2030, as shown in Figure 1.

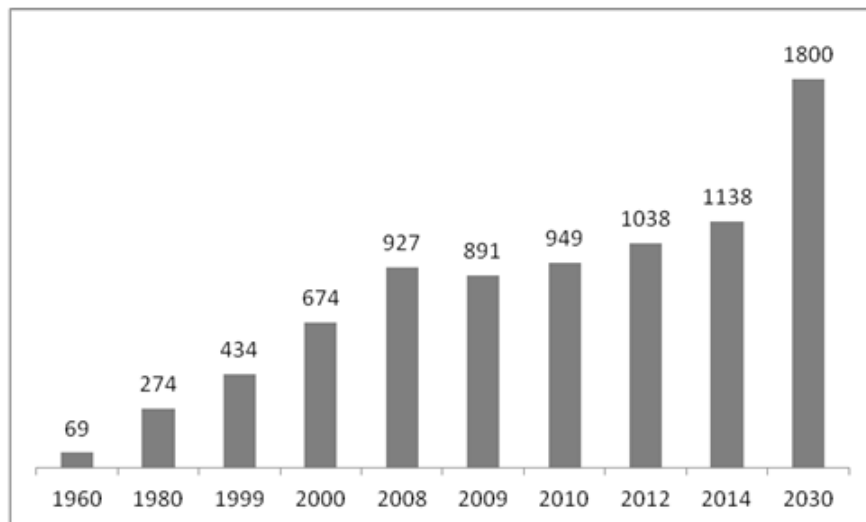


Figure 1. Potential development of international tourism. Note. UNWTO, World Tourism Barometer January 2015 2030 = Langfristprognose lt. Tourism 2030 Vision der UNWTO.

Polish people increasingly travel to Austria, especially in the winter, when they visit the mountains. According to Austrian statistics, in 2015, the use of the tourist attractions increased by more than 30% compared to the previous year. The use of accommodations in Austria rose by 13% from 2009 to 2013 and fell by 0.5% in 2014 (UNWTO...). In the long term, Polish tourists trips to Austria appear to be on the rise. Polish travel to Austria strengthens various relationships, including those associated with economic projects and new business contacts. This increased cooperation between Austrian and Polish individuals can create synergies and lead to mutual development.

4. Problems of Austrian-Polish cooperation in innovation of enterprises

Innovation is a competitive strategy used by both small and large companies. Different activities indicate their specific characteristics, such as size or heterogeneity. In large companies in any country, the technological level tends to be greater than in smaller companies. SMEs usually do not have sufficient potential to increase their innovation, and they often seek to increase innovation in terms of products, although they should instead focus on technological innovation and cost reduction to meet the competition (Tödtling, 2013, p. 190-194).

Polish SMEs in Austria have to overcome limited innovation. Research conducted across Europe indicates that funding sources are a common cause for lack of innovation in Poland and other countries. Sometimes, lack of innovation can become a vicious problem. Funding is available to innovative projects in Poland and Austria, but small projects are less noticeable and unfunded because they are often regarded as not technologically advanced. Remote regions in both Poland and Austria cooperate less, which may impact innovation and lead to organizational

and technological shortcomings. The most serious problem impacting innovation is the low awareness of entrepreneurs and clients in this area (James, and Roper, 2015, p. 29-31).

Sometimes, customers resist innovation because they prefer to use familiar and proven solutions and know that new development may increase prices. Price competition does not limit innovation.

Despite the economic union between Austria and Poland, there remain barriers to cooperation projects. Innovation often lacks support from coherent policy in identifying and executing research projects. A study linked to an evaluation of innovation supporting SMEPOL notes that some regions, such as Upper Austria, should be more involved in support of innovation and joint ventures among SMEs (Teppo, and Zenger, 2014, p. 916-918).

5. Innovation on the Austrian market

Austria has a wide range of strengths, but it is limited by small financial support from the European Union. There is much potential for innovation in Upper Austria, as well as in several smaller industrial centres. The traditional fields of industry are manufacturing, transportation, mining and chemicals. Austria is active in terms of industrial and technological innovation (Tödting, 2013, p. 188-205).

Scientific units, particularly universities, are important for innovation in Austria. Most scientific research is carried out in Vienna and Graz, but there are also smaller units of regional scientific potential to initiate and implement innovation in enterprises (Kraus, 2013, p. 428-430).

In 2012, a study on 324 companies in manufacturing and services located in Upper Austria, indicated that 140 of them can be classified as SMEs. The size distribution of firms (in terms of employment) in the sample of respondents corresponds to the regional economies. Due to the diversity of the SME sector, there is little opportunity to establish a single innovative aspect to meet the needs of all SMEs. The study observes that the average budget for innovation in marketing is 14.0%, and the average percent of total staff involved in innovation is 18.6% in the case of SMEs. Large companies, by comparison, have average ratios of 11.3% and 9.4%, respectively. SMEs usually are not organized in a way that allows them to benefit from expertise in the same way as a larger company. This is a significant disadvantage as small companies are particularly vulnerable to failure in the face of limited resources (Tödting, 2013, p. 188-205).

SMEs are less likely to engage in research than large companies. Surveyed companies indicate that innovation studies are carried out by only 12.9% of SMEs, compared to 31.3% of large companies. SMEs often have to address barriers limiting the potential for innovation ([https://www.atn.edu.au/...](https://www.atn.edu.au/)).

The most common problems that restrict innovation are lack of funding, lack of product substitutes, insufficiently trained staff, limited knowledge of advanced technology and the scope of innovation, and a lack of skills and codification of knowledge. An effective strategy used in Austrian innovation experience is specialization to enhance production quality. However, research still has too little interaction with science to stimulate more advanced innovation; that is, products that are new on the market and are not only imitations or modifications of existing products. Of course, there are differences among SMEs in this regard. The technological level of the company is one of the most decisive characteristics indicating the potential and ability to innovate.

An important reason for the lack of initiative for innovation outside the sector of the company's operation is the small number of employees who would be able to work together in the process of network innovation. Large companies have better cooperation in the field of innovation than SMEs. Small companies should therefore focus on establishing external relationships to offset the lack of appropriate partners for cooperation in innovation within the region. Construction of an innovation network can also be made difficult by lengthy procedures for innovation implementation. The involvement of a distant network of partners is important for the creation of an innovative environment (Czaja, and Becla, 2013, p. 19-21; Peschl, Markus, and Fundneider, 2014, p. 347-350; Czakon, 2012, p. 99-101).

The most frequently indicated barrier to innovation is the financial barrier – lack of sufficient resources for innovation and too high a risk, for SMEs and large companies alike. Another barrier is properly qualified personnel, as well as its number. In daily operation, enterprises often lack time to implement the innovation strategy. This type of problem occurs more often among SMEs, where there may be no research and development department responsible for the initiation and implementation of innovation. However, the availability of technical knowledge or technology seems to be less important. Problems and barriers to innovation differ depending on the nature of the SME. The resources needed for the implementation of innovation are also important, particularly in the context of financial constraints. Low salaries for employees engaged in innovative research or processes do not encourage employees to take this type of initiative (Leoński, 2014, p. 233).

The dominant role of the entrepreneur or small business owner can lead to a narrow strategic perspective, particularly when he has no formal training or qualification in the field of innovation. Poor strategy and organization are weaknesses of SMEs limiting innovation. The focus of many SMEs on a small database of their clients does not develop their potential for innovation and may be a significant risk to the operation and opportunities for further development. Negligence and lack of a systematic search for new market opportunities complicate identification of the type of innovations an SME may wish to undertake. This is related to the fact that research in the field of innovation is rarely carried out in Austria (Piekut, 2013, 39-40).

Company activities can also represent problems for innovation within Austrian enterprises. In this context, SMEs, in particular, are adversely affected as it is harder for them than for large companies to adapt to new concepts and ideas and, by extension, innovation and innovative initiatives. SMEs find it easier to move in familiar environments with little growth potential than to take the risks associated with innovation, especially as the result of the innovation is often a great unknown and may not yield the anticipated results.

6. Summary

Austria and Poland have been intertwined for centuries, not least in the business arena. Austrian companies actively participate in the Polish economy and create many jobs on the Polish market. The tasks imposed on both countries in the implementation of the Europe 2020 strategy target the transfer of knowledge, protection of the environment and sustainable development. In this regard, both countries are moving in the direction of innovation, especially concerning nature protection, efficient production and respect for natural resources.

Accession to the European Union has had a positive influence on the dynamics and structure of trade between Poland and Austria. Austrian companies cooperate in investment in the hospitality industry, real estate and the production of construction materials. The industrial market is widely connected between the two countries, although to a lesser extent in innovation or via direct cooperation between Austrian and Polish companies.

Innovation, regardless of its form or country of origin, has always been a way to fight competition, especially for production companies. It seems that the fundamental problem behind the lack of innovation is the paucity of resources allocated for these purposes. Poland and Austria lack a common policy in cooperation in innovative projects. Other barriers limiting the cooperation in innovation are the lack of knowledge, lack of product substitutes and under-qualified staff, as well as the lack of skills and codification of knowledge.

Austria bases its action strategy on quality, while Poland focuses on cost strategies. Large companies are more likely to take innovative measures than SMEs. Therefore, from the point of view of innovative actions' effectiveness, the exchange of information and cooperation becomes necessary in the area of research and development, which may be carried out jointly by Polish and Austrian companies.

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