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State of Firm Internationalisation in the Małopolska Region

Abstract: For many years, the analysis of the factors of the internationalisation of firms has been a research topic, both in the area of international business theory – in management studies, and in firm internationalisation theory – in economics. The paper presents the diagnosis of the state of the internationalisation of firms conducting their activities in Małopolska Voivodeship, carried out on the basis of available government and self-government statistics. The author makes an assessment and partial evaluation of the situation from the angle of the adopted determinants, such as: an analysis of foreign trade turnover, an analysis of foreign direct investment and an analysis of business process outsourcing. The paper presents the profile of the economic activeness of Małopolska Region against the investment attractiveness of voivodeships in Poland, an authorial typogram of the economic potential of Małopolska Region against the background of the country, as well as the investment attractiveness of this region for investors, alongside the factors shaping it, considering seven major determinants.

Keywords: internationalization; foreign direct investment; foreign trade; modern business services

Received: 21 December 2015

Accepted: 22 March 2016

Suggested citation:

Belniak, M. (2016). State of Firm Internationalisation in the Małopolska Region. *Prace Komisji Geografii Przemysłu Polskiego Towarzystwa Geograficznego*, 30(1), 29–46.

INTRODUCTION

The world economy transformations which have taken place over the last thirty years have significantly influenced the functioning of businesses, particularly their perception by international markets. At present, the notion of internationalisation is a commonly used category, and for many years the analysis of the factors influencing firm internationalisation has been a research subject, both in the international business theory – in management studies, and in the firm internationalisation theory – in economics. The perception of internationalisation factors in firm management is, however, very different. This paper adopts foreign trade, foreign direct investments and modern business services as the determinants of the internationalisation of firms in the Małopolska Region.

The paper is an attempt to verify the dependence between the above mentioned determining factors and internationalisation development in between the years 2009–2014, as well as their impact on the internationalisation level in the Małopolska Region. The applied research methods were literature review, criticism and synthesis.

The first adopted determinant of the diagnosis of the internationalisation of Małopolska firms, i.e. the analysis of foreign trade turnover, was based on the observations of both the share of the Małopolska Region in domestic exports and imports, and also on the assessment of the value of exports and imports in the voivodeship against the whole Poland. The author also presents the main directions of conducting foreign trade by Małopolska firms. When analysing FDI in Małopolska, the author based her diagnosis on the observation of the trend of foreign capital inflow to Poland, the examination of the directions of foreign investment inflow to Małopolska, and the analysis of the foreign investment value in this region.

Due to the lack of the economic stabilisation in Europe, the sector of modern business services is seen as one of the industries with the biggest developmental potential. For this reason, the last of the adopted determinants of the diagnosis of the internationalisation of firms in the Małopolska Region is the analysis of business processes in the voivodeship. The presented assessment was constructed, among others, based on the comparison of the share of individual centres in Poland in the overall employment in foreign service centres in the country.

Entrepreneurship measured with the number of firms per 100 residents is in Poland quite varied regionally. In the Małopolska Region, business activities are conducted by over 351 thousand entities, i.e. by 2.24% more than in the previous year, and that gives the voivodeship the fourth place among all the regions with regard to the number of registered entities, which constitutes 8.63% in the scale of Poland, generating 7.5% of Poland's GDP (according to Central Statistical Office 2014). Therefore, we can say that in all-Poland's scale, the Małopolska Region has a significant social and economic potential, and is characterised by a high level of economic growth.

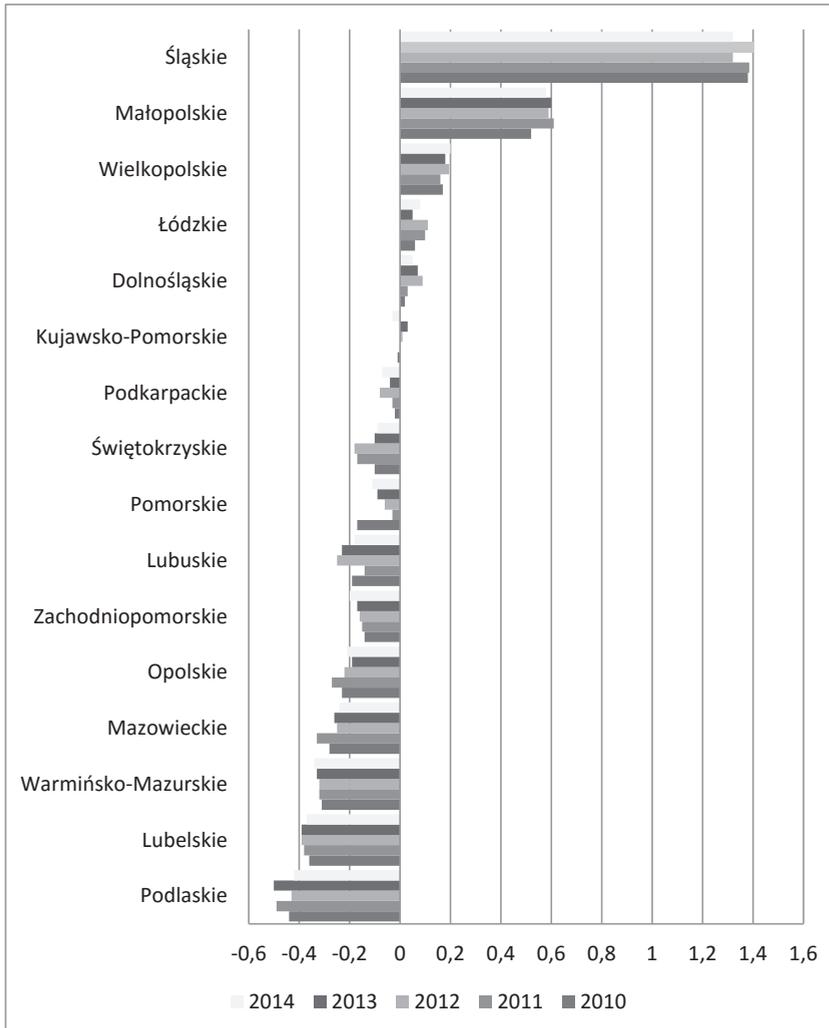
According to the survey carried out by Małopolskie Obserwatorium Gospodarcze (Małopolska Economic Observatory), in the period of 2009–2014, Małopolska strengthened its competitive advantage in respect of resources and labour costs, and according to the report on the investment attractiveness of voivodeships, it is ranked on the second position in Poland (Nowicki, 2014: 42), (Fig.1).

The same report gives Małopolska the fourth position in the overall classification of investment attractiveness of Polish voivodeships in 2014.

Undoubtedly, one of the most important factors shaping the investment attractiveness of Małopolska is a high level of human capital which includes a favourable demographic situation, the accessibility of qualified labour force and a high level of education, owing to the presence of reputable and leading universities and research institutes.

In the Małopolska Region, there are also good conditions for the development of the high-tech sector firms and in the ranking of investment attractiveness for technologically advanced activities, Cracow sub-region was ranked second in 2014. This high position was also determined by: the highest in Poland quality of labour resources, transport accessibility,

Fig. 1. The assessment of voivodeships with regard to resources and labour costs in the years 2010–2014



Source: *Atrakcyjność inwestycyjna województw i podregionów Polski 2014*, IBnGR, ed. by Marcin Nowicki, Gdańsk 2014, p. 42

absorptiveness of the market measured with high purchasing power of households and businesses, as well as the economic and social infrastructure and the level of economic development (according to Marshall Office of Małopolska Province 2013). Technology transfer centres or clusters of firms are an example of activities aimed at the support for the transfer of knowledge and technologies, which is particularly important in the case of the development of small and medium-sized enterprises (Kosała, Wach, 2013: 113).

The supply of modern office space in Cracow, where the availability of class A and B office space is the second highest, following Warsaw and is still developing, is another

significant factor of the Małopolska Region advantage. According to the research conducted by Jones Lang LaSalle in 2013, the Cracow office market has been growing for a few years at the rate of 15% a year, and business service sector firms already constitute almost 50% of all tenants in the city. Outside Cracow, in Zabierzów, there is the biggest office park in Małopolska – Kraków Business Park. What is an additional incentive for investors is also a possibility to include an investment in a special economic zone. Special Economic Zone „Krakowski Park Technologiczny” (Cracow Technological Park) of the area of 707 hectares that offers to investors access to both plots and the office space.

The investment attractiveness of the Małopolska Region is best proven by the presence of recognisable global concerns which have invested in the region so far, such as. BP, Shell, IBM, Motorola, Donnelly, Electrolux, Hitachi, Heineken, Tesco.

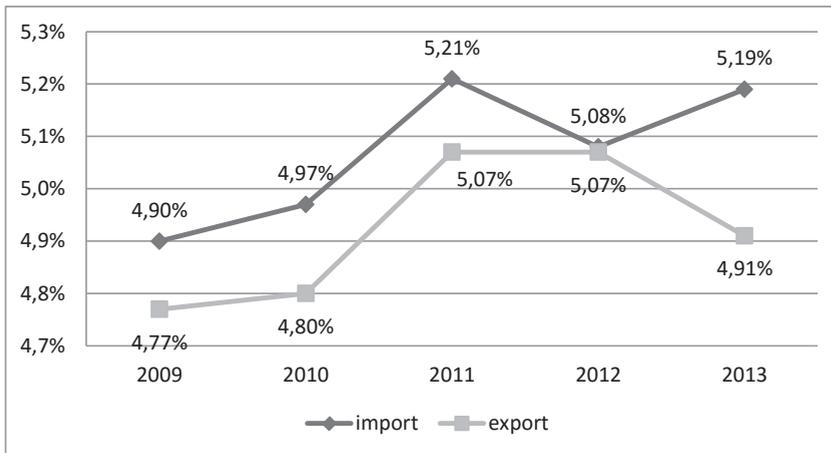
AN ANALYSIS OF FOREIGN TRADE TURNOVER OF MAŁOPOLSKA FIRMS

The overall turnover of foreign trade in Poland in 2013 went up in comparison with the previous year. According to the Trade and Services Department of Central Statistical Office, both exports and imports in Poland grew compared to the year 2012. In 2013, exports in billions of Euros increased in comparison with the previous year by 8.0%, whereas imports rose in the same period by 1.8% (according to Central Statistical Office 2014). Against the data for Poland, the Małopolska Region is in the group of voivodeships with average exporting power and, according to the data available for the end of 2013 (no available data on foreign trade turnover by voivodeships for 2014) it ranks second in the country, following such regions as Masovia, Silesian, Lower-Silesian, Greater Poland and Pomeranian.

After the strong growth of foreign trade turnover in the whole country, including the Małopolska Region, which took place after Poland's accession to the European Union (Molendowski, 2012: 270–280) in the period of 2004–2008, in the year 2009 there was an overall crash of domestic exports and imports caused by the economic slowdown in the world, and the very speed of coming out of the economic recession was markedly varied at the level of regions.

However, the slowdown turned out much deeper for Małopolska. In spite of a small increase in exports observed in 2010 in comparison with the previous year, it was not possible to rebuild the exporting power of the Małopolska Region from the time before 2009. The gradual growth of both exports and imports in 2011 was the reason for which the share of the Małopolska Region in domestic exports and imports started to grow again, and the voivodeship started to strengthen its position against others. The trend was maintained in 2012, when exports stayed the same, and the share of imports dropped by 0.1%, levelling off the values of Małopolska contribution to domestic imports and exports (Molendowski, 2012). In 2013, the share of Małopolska in Poland's international trade exchange changed in comparison with the previous year. The contribution ratio of Małopolska exports and imports, from the moment of the economic slump rose systematically till 2012, but in 2013 the share of Małopolska in Polish exports went down by 0.2%. An analogous analysis of the imports value marked the growth by 0.1 %

Fig. 2. The share of Małopolska Region in domestic exports and imports in the years 2009–2013 (in %)



Source: *Handel zagraniczny w Polsce i Małopolsce 2013*, Małopolska Regional Development Observatory, Marshal Office of Małopolska Region, Department of Regional Policy, Kraków 2014, p. 10.

At present, the Małopolska Region imports mainly processing industry goods and products offered by retail and wholesale trade, which together makes up 96% of imports, but the value for trade-related section dropped in Małopolska in comparison with the previous year. The prevailing import categories in Małopolska are base metals and their products (19.3%), as well as machinery and equipment, electrical and electrotechnical equipment (17.0%). In those cases, a marked increase in the value of imports is present. The third category of goods: mineral products (11.5%) marked a decline in the value of imports, reflecting the domestic trend. At the same time, the value of imports for activities related to real estate market services went up (6.1%), the same holds true for professional, scientific and technical activities (3.4%), according to Małopolska Economic Observatory.

When analysing the structure of Polish exports, it should be emphasised that 65.1% of its value is industrial processing. The next in the total value is the branch including wholesale and retail trade, which constitutes 14.4% of the structure of the whole exports abroad. Against this background, Małopolska exports are characterised by even bigger prevalence of industrial processing than in the case of the whole Poland's exports. The value of this sector was 81.5% of the whole export value from Małopolska in 2013 (75% in the previous year), while wholesale and retail trade is 14.9% of the whole export structure from the voivodeship. A positive balance in trade turnover in addition to the real estate market services also occurred in the areas related to culture, entertainment, recreation.

The trade exchange of Małopolska firms with foreign countries is characterised by a strong level of the concentration of goods, and, in accordance with the nationwide foreign turnover trend, a high level of spatial concentration (according to Małopolska Economic Observatory). The biggest target group of Małopolska exports are EU markets, out of which the biggest number of products goes to the German market, and the trend reflects the all-Polish trend: in 2013,

25% of the total value of Polish exports went to Germany (growth in comparison with 2012). At the same time, in 2013, there was an increase in the exports to 5 major Poland's trade partners. In addition to Germany it was Great Britain, Czech Republic, France and Russia.

In Małopolska, among 5 most important trade contacts there were our western and southern neighbours (Germany, Czech Republic and Slovakia). This group also includes France and Germany. Małopolska firms export over 52% of their products and services to those countries. Compared to the whole Poland, Slovakia, not Russia can be found in the first five. It is also worth mentioning that in the first ten countries with most intense trade contacts with the Małopolska Region there are now southern and eastern European countries. And the most important export directions did not include Russia. The prevalent part of export goods (90%) is intended for the markets of 20 most important trade partners of the Małopolska Region (Table 1).

2013 was the year of some falls for Małopolska trade exchange. Considerably fewer goods from Małopolska were accepted by the Russian market than in the previous year. That drop was almost two times higher than the fall to India which was next in the rank. Some slowdown was also visible in the exports to the Estonian, Lithuanian and Ukrainian markets. Marked impairment of export contacts between the voivodeship and the eastern neighbours of Poland was observed. On the other hand, a reverse trend was observed in the value of exports to the Netherlands – the biggest growth following the Turkish and Moroccan market. However, compared to 2012, some dynamics was observed in the exports to China and Brazil (according to Małopolska Economic Observatory). Moreover, exports to the Czech Republic, Romania and Hungary intensified. An interesting Polish trend is the rise of the exports to Russia with a simultaneous drop for Małopolska.

Table 1. The value of exports from Małopolska to 25 most important trade partners in 2012 and 2013

No.	Country	2012 mln Euro	2013 mln Euro	2013/2012 (%)	Growth/decline mln Euro
1	Germany	1699.0	1829.6	24.3	130.6
2	Czech Republic	582.7	620.6	8.2	37.9
3	France	532.2	558.5	7.4	26.3
4	Slovakia	499.4	513.8	6.8	14.4
5	Great Britain	380.9	397.4	5.3	16.5
6	Italy	309.7	332.3	3.5	22.6
7	the Netherlands	221.7	262.2	3.2	40.5
8	Austria	185.3	244.1	3.2	58.8
9	Ukraine	248.1	237.6	3.0	-10.5
10	Romania	193.7	229.0	2.8	35.3
11	Russia	307.7	211.7	2.4	-96.0
12	Hungary	150.6	183.9	2.4	33.3
13	Belgium	161.1	165.7	2.2	4.6
14	Sweden	153.4	154.6	2.1	1.2
15	USA	150.2	146.9	1.9	-3.3

16	Lithuania	154.2	140.8	1.9	-13.4
17	Spain	87.1	118.9	1.6	31.8
18	China	87.5	113.4	1.5	25.9
19	Turkey	76.2	69.0	0.9	-7.2
20	Finland	73.5	68.0	0.9	-5.5
21	Denmark	64.1	67.9	0.9	3.8
22	India	115.9	66.2	0.9	-49.7
23	Norway	51.2	64.2	0.9	13.0
24	Latvia	42.3	62.4	0.8	20.1
25	Brazil	40.2	56.4	0.7	16.2

Source: *Handel zagraniczny w Polsce i Małopolsce 2013*, Małopolska Economic Observatory, Marshal Office of Małopolska Region, Department of Regional Policy, Kraków 2014, p. 32

Similarly as in exports, definitely the biggest rises of the value of imports took place in the case of Germany. It emphasises the importance of that country as Poland's trade partner. In 2013, imports from Norway, as well as from China rose considerably in the scale of the whole Poland. However, in Małopolska the imports of goods from Austria grew distinctly. In the list of countries with the biggest increase in imports in Poland and in Małopolska only two positions repeat: Germany and France. The biggest decline in Poland's imports was observed in the case of Russia, although it is still the second most important direction of imports. The imports also go down from Ukraine, Belarus and South Korea. The imports from the eastern neighbours from the outside of the European Union are evidently weakening. In the case of Małopolska, the biggest drop was observed for Slovakia. It is interesting because for Poland this southern neighbour marked the eleventh growth of imports in a row. Moreover, imports from Belarus and the Netherlands also markedly decreased.

FOREIGN DIRECT INVESTMENT (FDI) IN THE MAŁOPOLSKA REGION

As it was already mentioned in the introduction, Małopolska is on the fourth place with regard to investment attractiveness in Poland. It is one of the voivodeships with the biggest dynamics of the increment of the number of entities with foreign capital, and a marked upward trend of the inflow of foreign capital to Małopolska Region has been observed in recent years, too.

The number of companies with foreign capital, systematically growing in Małopolska, enabled to raise the value of Foreign Direct Investment in 2012 by 5% in comparison with 2011 and by 44% compared to 2010 but only 2013 brought the return to the highest values – the value of FDI in Małopolska was 1,567.0 mln USD. According to Department of Regional Policy in the Marshal Office of Małopolska Province, an important fact is that the engagement of investors in 2013 returned to the level from the years 2006-2008, the period before the outbreak of the global financial crisis.

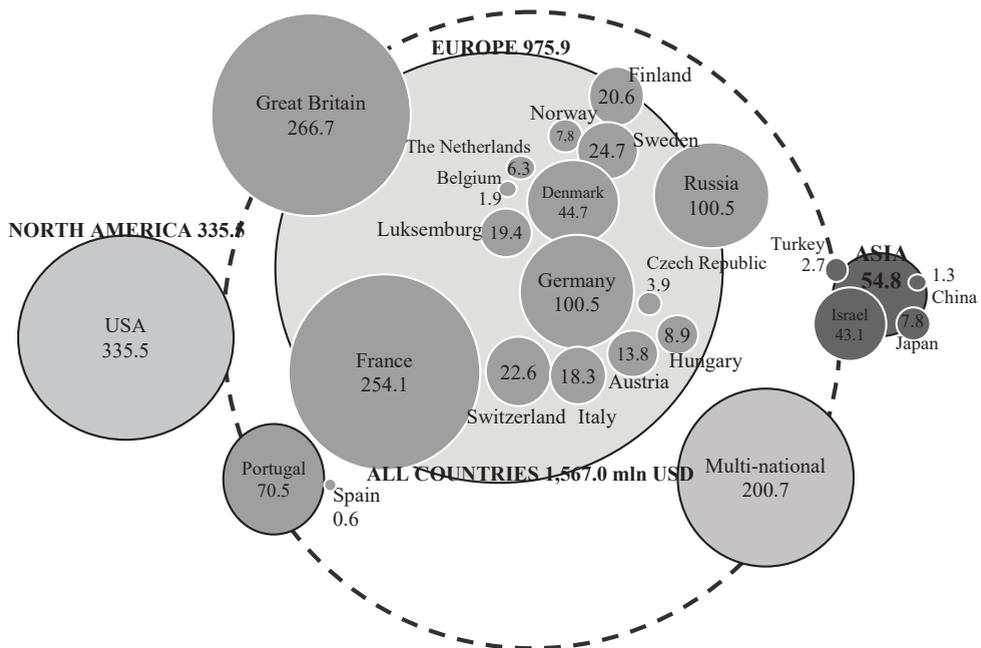
For the Małopolska Region, the USA and a few Western European countries, especially Germany, have always been a traditional source of foreign capital. Therefore, this is no

wonder that in the investment outlay structure the biggest role in the years 2008-2012 was played by the USA where ¼ of investment came from, whereas about 70% of the foreign capital outlays in Małopolska came in 2009 and 2010 from the European countries. Thus, in 2009, the biggest investment outlays besides US were incurred by France and Germany, and in 2010 the USA and Great Britain. German and American entities were a source of almost 62% of foreign investment in 2011 (Małopolska Economic Observatory).

Moreover, investment flows only in 2012 strongly demonstrated the links with European business entities for which the value of the investments accepted by Małopolska Region stayed on a high level of 78%, whereas FID from the countries of North America was 17% and 3.9% in the case of Asia. Out of 26 countries which in 2012 invested in Małopolska, the biggest expenditure came from Germany, then from the USA, France, Switzerland and Russia, from which the outlays rose considerably in comparison with 2011.

The year 2013 markedly differed from the previous years as for the major directions of capital inflow. It was manifested in much larger engagement of investors from the UK, France, international organisations and Russia, and a smaller role of German investors, but the four sources (USA, GB, France and international organisation) comprised as much as 67.5% of all the outlays (Fig. 3).

Fig. 3. Directions of FID inflow to Małopolska in 2013 (in mln Euro)



Source: *Inwestorzy zagraniczni w Małopolsce w 2013 r.*, Małopolska Economic Observatory, Marshal Office of Małopolska Region, Department of Regional Policy, Kraków 2014, p. 45

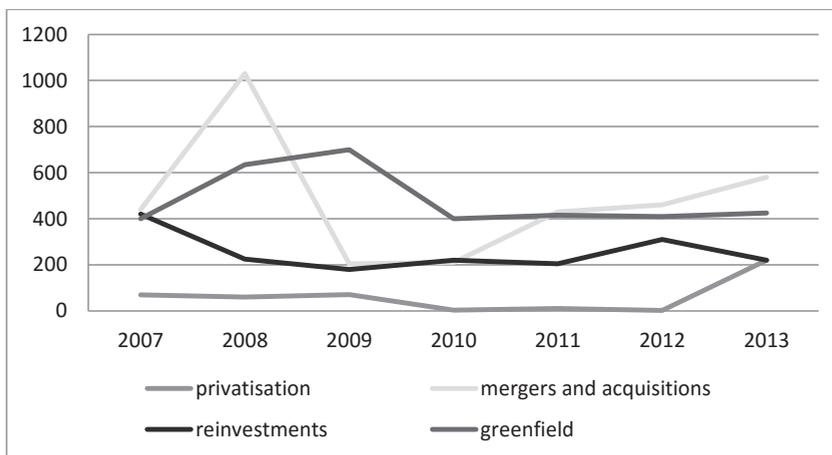
The biggest investment leader in the years 2009–2010 was an American firm F&P Holding which allocated the biggest funds to the development of Can-Pack Group companies, on the second place there was a Hungarian company TriGranit Holding operating in trade and office real estate. The third one in that period was a French concern EDF. Other companies which were of great importance in capital engagement in Małopolska were: British-Luxembourg ArcelorMittal, American General Electric, Danish TK Development, German T-Mobile Deutschland and Union Investment Real Estate, as well as Slovakian I.P.R. and a Slovakian-Czech investment fund Penta Investment. In the years 2011–2013, as in the previous years, the group of the biggest investors included a British-Luxembourg metallurgical tycoon ArcelorMittal and American Philip Morris, as well as American F&P Holding, French EDF and Danish Carlsberg. In 2011 equally large outlays, mainly for the asset acquisition, were incurred by German Bayerische Hypo- and Vereinsbank AG (HVB) and American General Electric. Smaller outlays were incurred by Czech CEZ, French Valeo and British Tesco, French Carrefour and German Metro.

In 2012 the biggest investment in Małopolska was the acquisition of Onet Group by a German-Swiss media concern Ringier Axel Springer Media and the purchase of shares of Tarnów Zakłady Azotowe by a Russian concern Acron. Moreover, the sales of Tarnovia Shopping Centre to an investment fund Heitman and the acquisition of two office blocks in the Green Office complex in Kraków by a Swedish group Sazora was connected with great equity participation. In 2013 the largest amounts of money were engaged in the acquisition of assets of two existing firms. Invesco Real Estate from USA purchased Kraków shopping centre Galeria Kazimierz, which gave it the first position on the list of investors in the Małopolska Region in 2013. The firm in which the largest capital was invested was Zakłady Azotowe in Tarnów (Grupa Azoty). Another huge transaction concerned Kraków shopping centre Zakopianka which was purchased by a British fund Tristan Capital Partners, also another large shopping centre in the capital of the region (Krokus) changed its owner and its purchaser was an American group Blackstone. A British investment fund Mid Europa Partners was also very active and purchased two Małopolska firms: Polskie Koleje Linowe and Kolej Gondolowa Jaworzyna Krynicka. Other great acquisitions concerned the service sector. French Algonquin became the owner of Sheraton Hotel in Kraków, and British United Provident Association purchased Lux Med group whose significant part of activities is connected with the Małopolska market. The biggest outlays for the extension or modernisation of the assets acquired in the previous years belonged to the industrial sector investors. The 2013 leader was French EdF, the owner of Kraków Elektrociepłownia, and it was followed by Phillip Morris from the USA and Dan Cake from Denmark. Smaller investments than in previous years were implemented by Arcelor Mittal. In spite of this, this British-Luxembourg concern stayed the biggest foreign investor in the region with regard to total outlays incurred till 2013.

When discussing the FDI structure in Małopolska by the type of outlays, we can observe that in 2009 and 2010 the prevailing type of investment were greenfield ventures, namely the construction and extension of new production or service facilities by foreign entities. In 2011 the greenfield group included Futura Park shopping centre, Kraków Airport

Logistic Centre halls, Makro Cash&Carry wholesale hall and Lidl distribution centre. There were also considerable outlays on manufacturing plants launched by foreign investors in the previous years, such as Valeo, Can-Pack, Royal Canin or Silgan White Cap. Among greenfield investments we should also mention the outlays by French Valeo on the development and activities of plants in Skawina and Chrzanów. The year 2012 is also connected with high outlays into the greenfield of American Goodman into the extension of the logistics centre in Modlniczka. In 2013, the biggest greenfield investments were made by firms of retail chains: of a French group Auchan for the implementation of Galeria Bronowice shopping centre in Kraków and Portuguese Jeronimo Martins (Biedronka discount stores chain). German T-Mobile also incurred considerable expenditure for the development of its infrastructure in Małopolska. Significant funds were also engaged into the extension of a production plant by Royal Canin from France. The largest new venture in the industrial sector was a plant built in Niepołomice by a French corporation Smofy and a gas liquefaction plant Air Products in Tarnów. In addition to trade and industry, the biggest new foreign investment in Małopolska was a Kraków office complex Kapelanka 42 whose investor was a Swedish firm Skanska.

Fig. 4. The values of outlays in the years 2007–2013 by type (in mln USD)



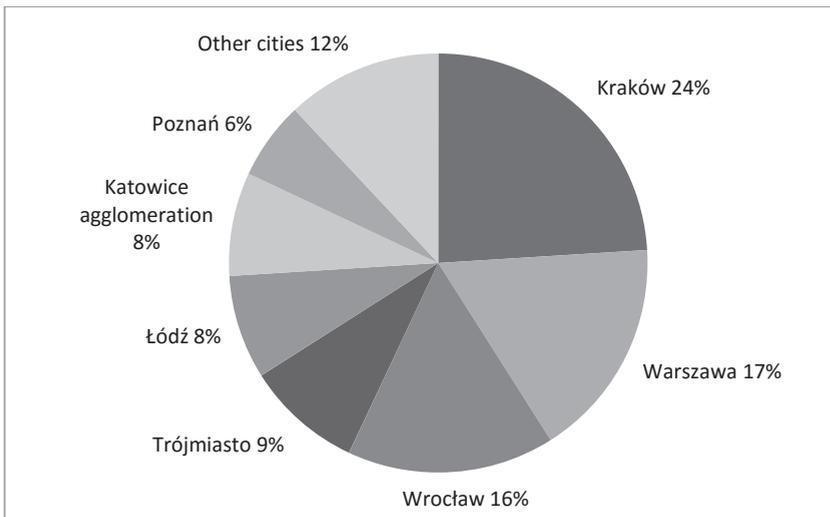
Source: *Inwestorzy zagraniczni w Małopolsce w 2013 r.*, Małopolska Economic Observatory, Marshal Office of Małopolska Region, Department of Regional Policy, Kraków 2014, p. 10

THE MODERN BUSINESS SERVICES SECTOR IN THE MAŁOPOLSKA REGION

Undoubtedly, the beginning of the intensive development of modern business service sector in Poland is connected with Poland's accession to the European Union in 2004. Over the last ten years, the sector development was so intensive that right now the average annual growth of employment in this sector is over 20% and it manifests the biggest stability of all

countries of Central and Eastern Europe. The data included in the ABSL (Association of Business Service Leaders in Poland) report prove great attractiveness of Poland as a country in which the modern service sector is developing, especially that in the group of countries of Central and Eastern Europe there is no better place for opening a service centre in respect of the potential of employees and office space. The employment in the sector of modern business services in Poland is growing systematically. In comparison with the beginning of 2012, the number of workers in service centres with foreign capital increased in 2013 by over 50%. By mid-2014 the number of jobs increased by about 20,000 jobs, out of which the biggest number in Kraków (more than 5 thousand). A consulting company Tholons, every year creating the world rankings of outsourcing destinations, both in 2014 and 2015 ranked Kraków on the ninth position among 100 other localisations worldwide considered in the report. It should be also emphasised that in comparison with the 2013 ranking, Kraków moved one position up and along with Dublin (12th place in 2015) it is the only European city ranked so high. Moreover, according to *UNCTAD World Investment Report 2013* Kraków is the best location to provide advanced business services, it is distinguished not only against Poland (Fig. 5) and Europe but it competes for new investments with centres in China, India, Brazil and Philippines.

Fig. 5. The share of individual centres in overall employment in foreign service centres in Poland in 2014



Source: 2014 *Sektor nowoczesnych usług biznesowych w Polsce*, Report prepared by Association of Business Service Leaders, p. 10

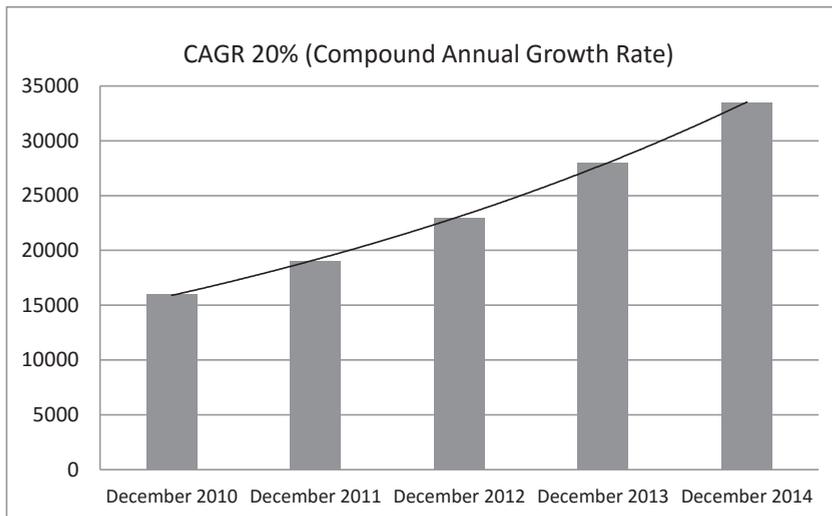
In the years 2011–2014, significant qualitative changes occurred in the overall organisation of the investor service system in the region, owing to the creation of Business Centre in Małopolska, an initiative exceptional in Poland's scale, whose aim is to improve the investor and exporter services, and the economic promotion of the region via the integration of the activities

of regional institutions¹. The second important venture in Małopolska in recent years is co-financing the creation and development of economic activeness zones from EU funds. As a result of the above initiatives, the Małopolska Region is one of the top regions with the highest attractiveness and it attracts investors, the best example of which is the sector of modern business services in which Małopolska is an unquestionable leader, not only in Poland, but in the whole Europe according to Tholons Top 100 Outsourcing Destinations Rankings, Tholons, 2015.

The main aim of outsourcing, that is subcontracting individual processes, is savings such activities generate for firms. However, such dynamic development of business services influences the local labour market.

The recent years in the Małopolska Region have been definitely marked by the inflow of foreign investment related to the business service sector. According to Labour Market and Education Observatory of Malopolska, the record year for Poland was 2012 when 56 service centres were created, out of which the biggest number in Kraków (11). At present, outsourcing firms employ in the Małopolska Region almost 35 thousand workers in about 80 specialised centres, which gives the city the position of the leader in Poland and one of the most attractive, developing destinations in the world (Fig. 6).

Fig. 6. Employment in foreign service centres in Kraków 2010–2014



Source: 2014 *Sektor nowoczesnych usług biznesowych w Polsce*, Report prepared by Association of Business Service Leaders

At present, the prevailing majority of shared service centres (SSC)² implement tasks for this part of the continent (Table 2).

¹ For more, see: www.businessinmalopolska.pl.

² SSC is an isolated organisational unit providing services (accounting, IT, payroll, workforce and other processes) for internal clients. It means that a specific part of services for decentralised entities is provided from one,

Although the geographical neighbourhood speaks in favour for the services of firms located in Europe, Business Process Outsourcing (BPO) is dominated by investors from the USA (Deloitte, IBM, Sabre, AON Hewitt, Motorola, ASC/Xerox, PMI SCE, Google, Akamai, EPAM, PerkinElmer). In 2013 the centres owned by entities from North America constituted 42% entities from the BPO sector in Małopolska. More and more often, external and internal clients from Asia, Australia and Oceania appear, yet this is still a relatively insignificant share in the totality of the serviced entities.

Representatives of modern business service sector unanimously stress the fact that the factor of the strategic significance for the development of this industry is the workforce. Due to the international character of the centres' activities, the availability of qualified specialists, fluent in foreign languages is necessary.

Thus, according to researchers talking to the industry representatives, the biggest asset of Kraków are exactly its citizens, well-educated, speaking fluent English and knowing other languages (Provincial Employment Agency in Kraków, Labour Market and Education Observatory of Małopolska). Moreover, Kraków is one of the leading Polish academic centres, thus, not only relatively low costs but also the supply of adequate workforce is a factor encouraging locating service centres in Małopolska. What is also important in the growth of the involvement of universities in cooperation with business, e.g. creating joint educational programmes dedicated to service centre workers, opening specialist university courses related to the implementation of advanced business processes. High level of graduates of Małopolska universities is appreciated, and the number of students of engineering-related studies in Kraków was the highest in Poland in 2013. It is also important that in the years 2012–2014 one-third of Kraków students chose majors which are of key importance from the point of view of business services, namely economics and administration, engineering and technical studies or IT. In recent years, the first Polish Aspire association was created in Kraków, grouping service centres and the cluster of firms and organisations creating the whole ecosystem. It cooperates with universities for possibly best adjustment of curricula to the needs of the centres.

In the situation of the lack of the economic stabilisation in Europe, the SSC/BPO sector is perceived as one of the industries with the biggest developmental potential. What results from the study conducted by the Association of Business Service Leaders is that the majority of the analysed centres have recently changed the profile of their activities, introducing more advanced services (Report prepared by Association of Business Service Leaders). The trend is already very visible on the Małopolska market of business services, where IT service centres are more and more numerous, and IT services in application management are the second, following financial and accounting services, most popular area of service centres' activities. Customer service is on the third place and according to experts' evaluation, only 15% of the industry employees are the workers of call centres.

The basic determinants of success are two factors: innovation and diversity. The growth factors of the BPO service sector in Kraków agglomeration can also include the attractiveness

central location. The services are rendered by an independent unit being in the organisation's structure and under its control.

Table 2. Shared Service Centres (SSC) in the Małopolska Region in the years 1990–2013

No.	Company	Headquarters	The year of commencing activities in Poland
1	PwC	Great Britain	1990
2	International Paper	USA	2001
3	Donnelley	USA	2001
4	Shell	Denmark	2001
5	Airline Accounting Centre	Germany	2003
6	Sappi	Belgium	2004
7	Electrolux	Sweden	2006
8	Hitachi	Japan	2007
9	State Street	USA	2007
10	HSBC	Great Britain	2008
11	Tesco	Great Britain	2008
12	UBS	Switzerland	2009
13	Amway	USA	2010
14	EDF	France	2010
15	Amer Sports	Finland	2011
16	Zycko	Great Britain	2011
17	Brown Brothers Harriman	USA	2012
18	Cisco	USA	2012
19	Element14	Great Britain	2012
20	Euroclear Bank	Belgium	2012
21	Farnell	Great Britain	2012
22	HEINEKEN	the Netherlands	2012
23	Herbalife	USA	2012
24	RWE	Germany	2013

Source: *Sektor usług biznesowych w Małopolsce, Stan i perspektywy rozwoju*, Provincial Employment Agency in Kraków, Labour Market and Education Observatory of Małopolska, Kraków 2013, p. 21

of the city with regard to workforce migrations, both from other Polish cities and from foreign centres, as well as the positive image of the city in investors' opinions, created in global consulting studies and confirmed by representatives of firms functioning in Kraków. However, one must also consider some barriers, such as communication ones, due to the arrangement of office parks in many different parts of the city and environmental problems influencing the lowering of the quality of living (e.g. air pollution).

CONCLUSION

When analysing Małopolska firms through the prism of such factors of internationalisation as foreign trade, Foreign Direct Investment and modern business services, we must say that Małopolska is characterised by a strong competitive position against the whole Poland.

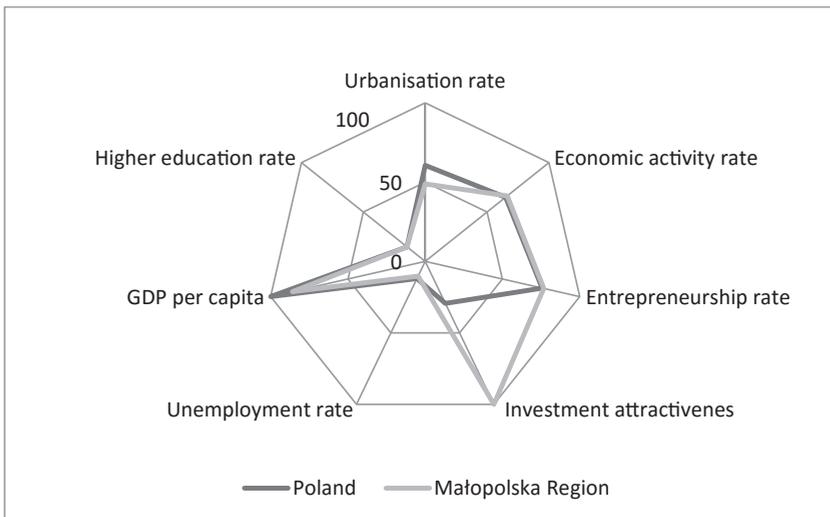
To sum up, after considering the available data from Central Statistical Office and IBnGR, the author prepared a typogram of the economic potential of the Małopolska Region (Fig. 7).

The typogram considers seven major factors, such as GDP per capita, unemployment rate, investment attractiveness, the rate of entrepreneurship of natural persons, economic activity rate, urbanisation rate, or higher education rate with regard to the whole country in 2014.

Based on the analysis we can conclude that Małopolska is characterised by much higher investment attractiveness than averaged rates in the scale of the country. Also the economic activity rate is high, especially the entrepreneurship rate of natural persons. On the other hand, the Małopolska Region has lower than all Poland's urbanisation rate, mainly due to poviats of the southern and south-eastern part of the voivodeship. However, lower than all Poland's GDP is accompanied by the lower unemployment rate with a slightly lower higher education rate, and the voivodeship has unused scientific and research potential.

According the Małopolska Economic Observatory analysts, high-tech industry and knowledge-based services in the coming few years will concentrate mainly in Kraków, but also more broadly in Kraków Metropolitan Area. These will be mainly industries such as ICT, modern business services, including firms providing BPO (Business Process Outsourcing) services, SSC (Shared Service Centres), B+R centres, ITO (Information Technology Outsourcing) and biotechnology and broadly understood LifeScience.

Fig. 7. Typogram of the Małopolska Region against Poland for the year 2014



Source: own study based on GUS and IBnGR statistics

The main advantages of the Małopolska Region is the provision of more and more complex services which become the source of innovation in the recipient's organisations, as well as a broad scope of the provided processes. There are more and more research centres in Kraków, providing services in complicated processes, the financial sector, among others, where they pass from serving simple transactions and processes to comprehensive financial

and consulting support services, and a large part of the centres renders services within the scope of at least two business processes (according to Provincial Employment Agency in Kraków, Labour Market and Education Observatory of Małopolska). Higher and higher level of the advancement of the services provided by outsourcing centres brings about an increase in the demand for highly-qualified specialists and at the same time a decrease in the chances for relocating the firms, thus, the position of the city as one of the leaders on the global map of destinations of investments of the modern service sector is basically unquestionable, which favours the process of firm internationalisation in the Małopolska Region.

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