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THE COMPETITIVENESS OF THE SILESIA REGION¹

Regional competitiveness grows in conditions influenced by globalisation. It is determined by many external and internal factors, *i.e.* factors which come from within a region, and from other areas. Most often such competitiveness indicators include:

- human capital (education, qualifications, etc.) which play a major role in the process of development;
- well-developed research and development potential, which supports innovative process, and contributes to the improvement of innovation;
- well-developed and effective transformation infrastructure (highways, airports, railroads, etc), which contribute to better accessibility of a region;
- modern communication networks;
- favourable business environment;
- high level business activity based on development and entrepreneurship.

In our research, we compared the competitiveness of Silesia with other regions as regards several factors, such as geographic, demographic and economic potential.

Geographic location

Geographic location is an important factor which influences development of towns and regions. Towns and regions located near political borders and at the crossing of transportation routes, are considered

¹Silesia comprises three provinces (Voivodeships): Lower Silesian, Opole and Silesian.

especially well located. As a result of the political changes in Poland, Silesia can benefit from its good geographic location.

It is considered attractive because:

- it is located at the crossing of major transportation routes (the routes connecting the most extreme parts of Europe are the shortest when measured from Silesia);

- existing and planned highways such as highway A4, running from East to West, highway A3, running from Scandinavia to Southern Europe, and highway A8, connecting Prague and Wrocław;

- there are about 90 border crossings with the European Union, and the Czech Republic (about 50% of all the border crossings in Poland) located in Silesia; also, there are new border crossings under construction;

- Lower Silesia is located in "the area of high importance", one that was included in the policy of economic development; the plans for the region are particularly important from the European Union's point of view, and because of the integration there are strong innovative and entrepreneurial centres in Silesia;

- the region has a convenient, although not properly used, network of river canals connecting Wrocław with Western Europe, and *via* the Odra river, with the Baltic sea; also, it has convenient international airline connections.

In many reports on potential development in Eastern Europe, which were issued after economic changes and social reforms, the analysts considered Silesia to be one of the leading regions of Poland. It is located in "the boomerang area" of transformation. The French agency DATAR published an economic map with Silesia shown as an area of strong economic potential. The good geographic location described by analysts includes the quality of the natural environment. Land and forest reserves cover the area of 9,300 square kilometres (22% of the Silesian territory). In the 1990s the land and forest reserves expanded more than twice due to creating new scenic parks. The best land is located in the South and West, in the area of mountain ranges and vast forests. The territories can be considered recreational and tourist-attractive, especially so for tourists from Germany and the Czech Republic. In the north-west, there is located the largest industrial forest which is regarded by the timber industry as their natural resources area.

Silesia has different surface and underground water reservoirs (some of them are classified as mineral water reservoirs). The mineral water resources are located in the Sudeten Mountains and they contain c. 20% of the country's mineral water supplies. 18% of the Polish resorts are located in Silesia (Fig. 1).

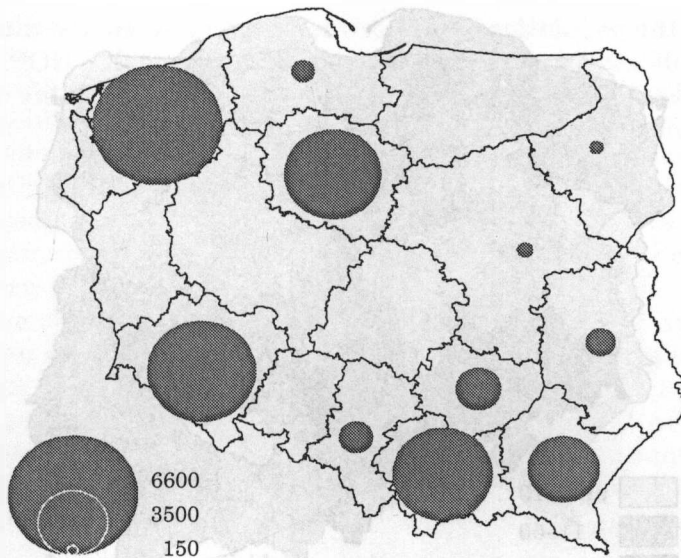


Fig. 1. Beds in hospitals and in sanatoria of health resorts

When we compare Silesian water resources with the map of resorts and spas, we must conclude that the resorts and spas should develop further. Although, they are visited by many patients and tourists, the resorts have much greater potential. Medical facilities can be built in those areas, and they can provide an international basis for tourists and patients.

The industrial exploitation of the region contributed to devastation of the natural environment, but recent efforts to restore it show positive results. The reduction of gas pollution has been the highest in Poland (Fig. 2). In the South and West, there are rich industrial rock deposits. Also, there are deposits of kaolin, copper, barite, magnesium. In Upper Silesia, there are coal deposits. Construction industry uses fire-proof clay deposits and methane gas which are located in the area of Wałbrzych. Brown coal is located in the area of Turoszów and Legnica and its deposits are an important source of energy. Different resources for building industry and brown coal are considered to be "spare" resources and are not made use of.

Good and clean soil can be used for growing different kinds of plants. Agricultural land is not scattered and is assigned 75 to 110 points on IUNG scale. It is located in Silesian Lowlands and near the Sudeten Mountains. Throughout history, the Silesian culture was influenced by many factors. It is attractive from tourists' point of view. The list of historic monuments includes more than ten thousand objects. Also, there are thousands of objects being restored. The list includes such places as

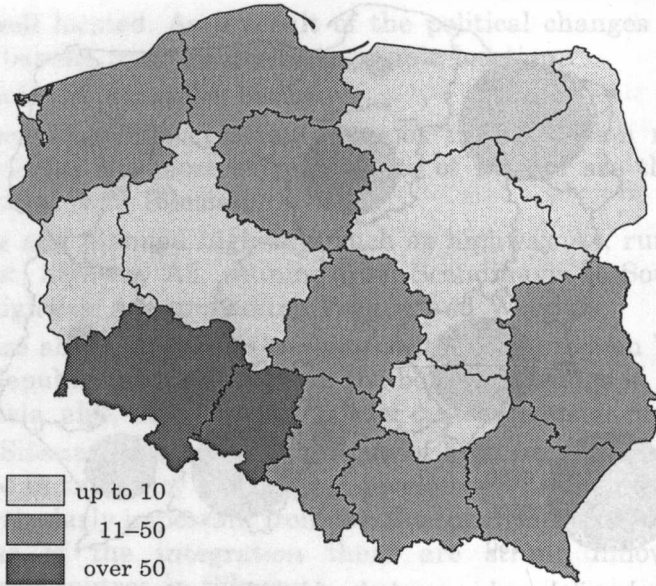


Fig. 2. The reduction of air pollutants in local industry (% of total)

the Old Town in Paczków, monasteries and churches in Henryków, Krzeszów, Lubiąż, and Ostrów Tumski in Wrocław, castles in Brzeg and Książ, palaces and manor houses in Kamieniec Ząbkowicki, Pszczyna, Tułowice, churches and chapels in Cieszyn, Legnickie Pole, Nysa, Strzegom, St. Elisabeth's church and Bernardins' church in Wrocław, wooden churches in Karpacz (Wang), and Świdnica (Temple of Peace).

Demographic and social potential

Silesian human potential is good. The ratio of working people to the rest of the population is the highest in the country (over 61% in the south-western part of Poland, which includes Silesia). In Silesia, the financial load is the lowest in Poland. There are fewer than 63 not-working people per 100 working people, and in the eastern regions, there are 75 not-working people per 100 working citizens (Fig. Fig. 3, 4).

The regional infrastructure in Poland can be characterised in terms of industrial modernisation, high human and intellectual potential. There are many people with college degrees (Fig. 5), especially in towns. In Poland, the ratio of college graduates is the highest in Warsaw, Kraków and Wrocław.

The industry in Silesia is supported by educational institutions which contribute to improvement of the human potential. As a result of urbani-

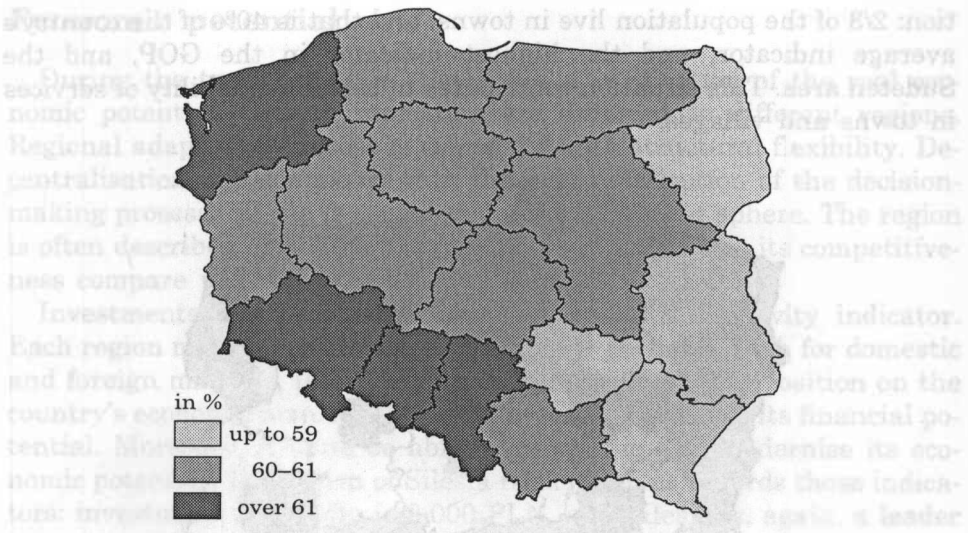


Fig. 3. Share of population available for work

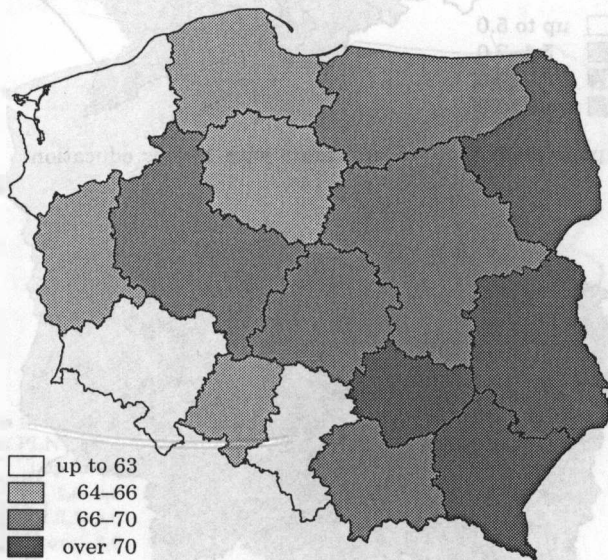


Fig. 4. Economic encumbrance of the population. (the number of people at non-working age per 100 people at working age)

Of course, taking into account the fact that the population of villages is also relatively well educated. It appears fairly clear when we compare the situation in Silesia with that in other parts of Poland. The urbanisation of villages is a result of semi-urbanisation and sub-urbanisation. Figure 6 illustrates the situa-

tion: 2/3 of the population live in towns, and that is 40% of the country's average indicator, and the highest indicator in the GOP, and the Sudeten area. This situation contributes to better availability of services in towns and villages.

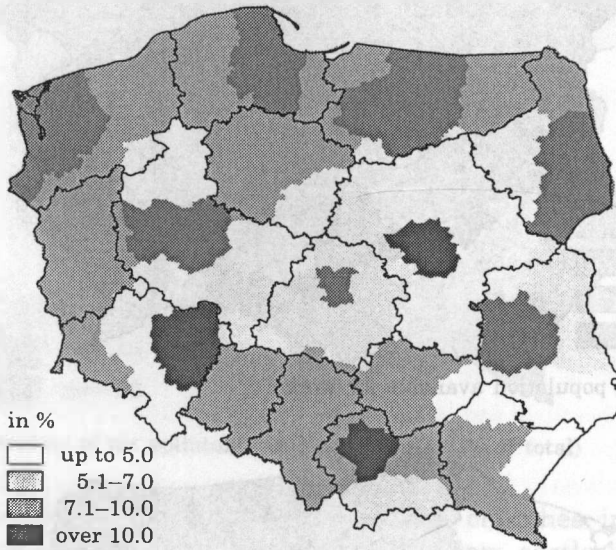


Fig. 5. Share of population aged 15 and more with higher education

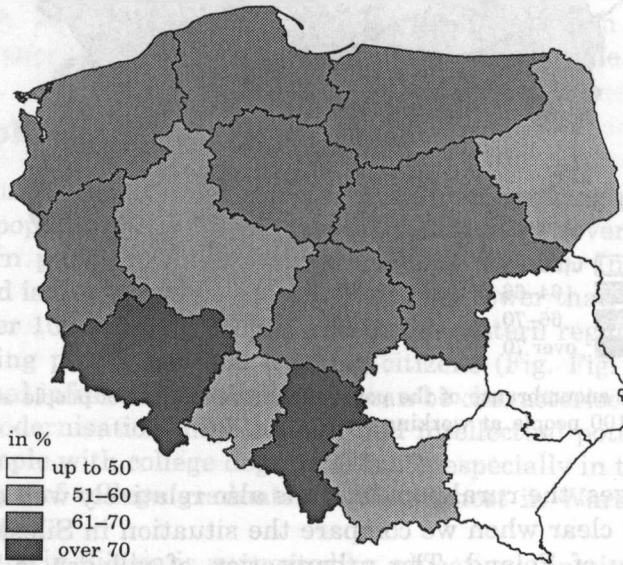


Fig. 6. Share of urban population

Economic potential

During the transformation, there was a verification of the real economic potential. Growth indicators are different in different regions. Regional adaptation process is connected with structural flexibility. Decentralisation was connected with the individualisation of the decision-making process. Silesia is considered a leader in that sphere. The region is often described as a "locomotive of change". How does its competitiveness compare with other regions in Poland?

Investments can be considered as an industrial activity indicator. Each region must manufacture many quality products, both for domestic and foreign markets, in order to maintain an important position on the country's economic map. Also, it must invest and enlarge its financial potential. Moreover, it must be able to re-vitalise and modernise its economic potential. The region of Silesia ranks high as regards those indicators: investment per capita is 2,000 PLN, and Silesia is, again, a leader here (Fig. 7).

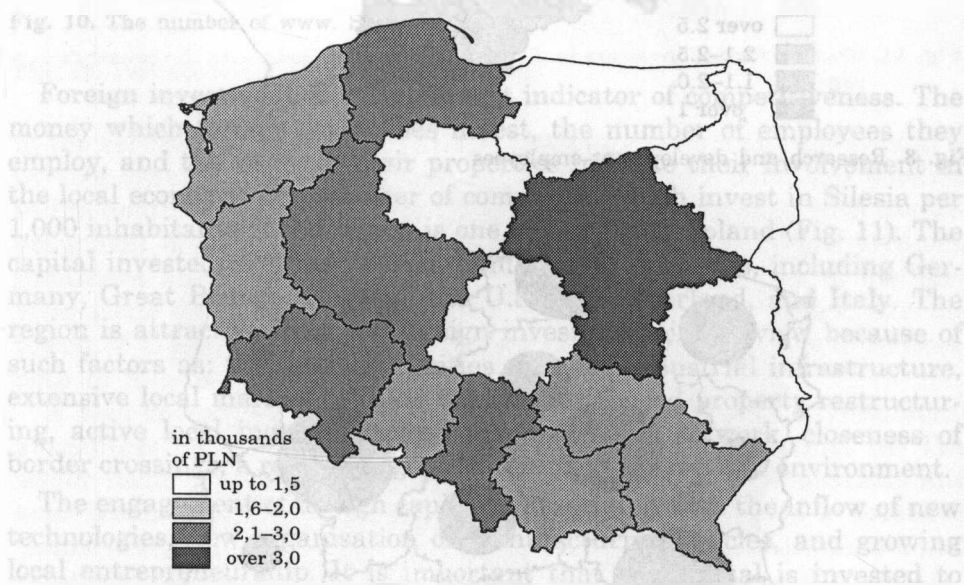


Fig. 7. Investment per capita

Of course, stable assets and property value are also important. Regions need to spend more and more money on research and development. Silesia occupies a high position as regards its expenditure on R&D (Fig. 8). The modernity of industrial equipment can be assessed in the context of computerisation. Technological systems which manage and reg-

ulate technological processes must be modern. Also, the number of servers (www.) can be considered as an indicator of modernisation (Fig. Fig. 9, 10). The computerisation indicator in Silesia is on a high level.

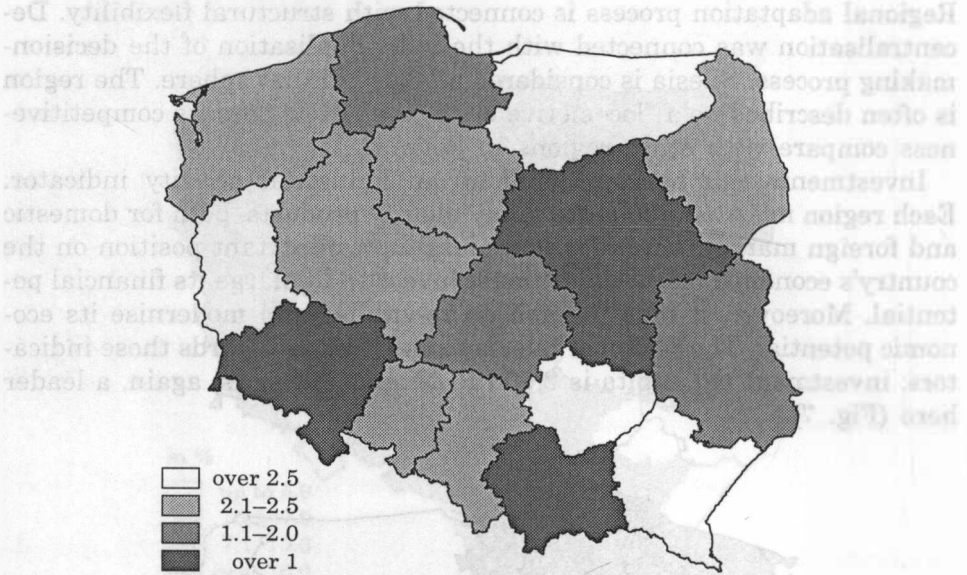


Fig. 8. Research and development employees

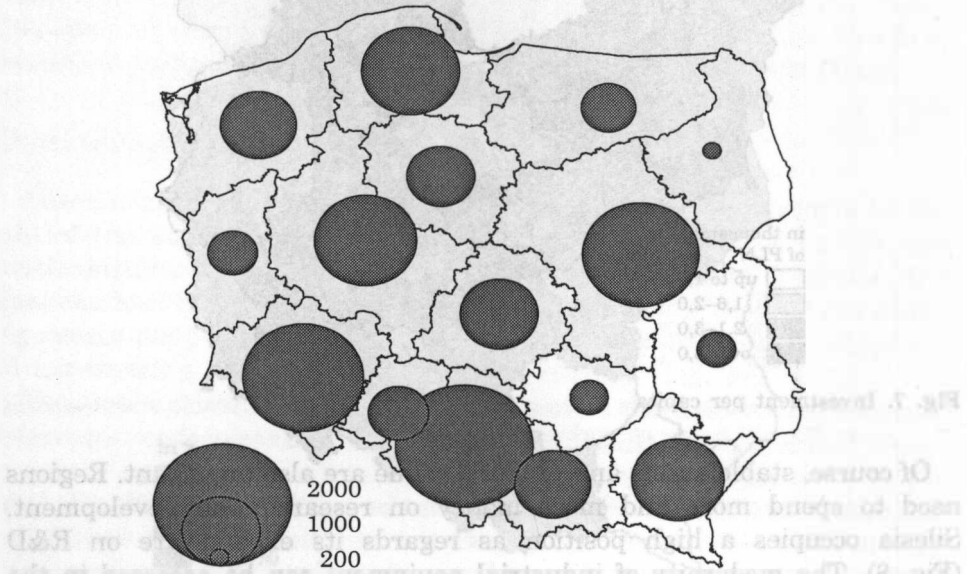


Fig. 9. The number of computers which control technological production

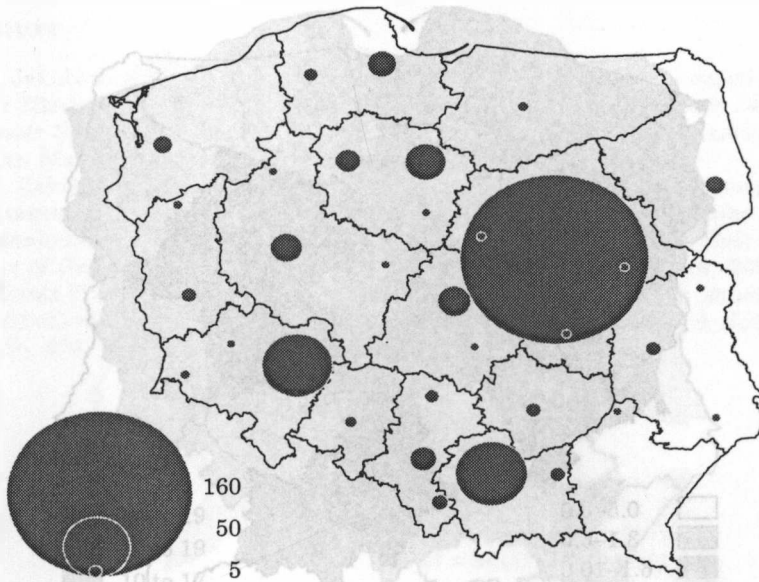


Fig. 10. The number of www. Servers

Foreign investment is an important indicator of competitiveness. The money which foreign companies invest, the number of employees they employ, and the value of their properties indicate their involvement in the local economy. The number of companies which invest in Silesia per 1,000 inhabitants of the region is one of highest in Poland (Fig. 11). The capital invested in Silesia comes from several countries, including Germany, Great Britain, Holland, the U.S.A., Switzerland, and Italy. The region is attractive from the foreign investor's point of view because of such factors as: the number of cities with big industrial infrastructure, extensive local markets, skilled workers, advanced property restructuring, active local industries, good transportation network, closeness of border crossings, a relatively good condition of the natural environment.

The engagement of foreign capital is associated with the inflow of new technologies, new organisation of manufacturing policies, and growing local entrepreneurship. It is important that the capital is invested to build and restructure production basis. Figure 12 illustrates regional differences in Silesia as regards the directions of investment. Foreign companies invest about 50% of the capital.

The restructuring of Silesia can be characterised in terms of development towards a post-industrial, services-oriented economy. The region is part of the south-western region, where the branch of services is particularly well-developed (Fig. 13). Over 50% of the working population work

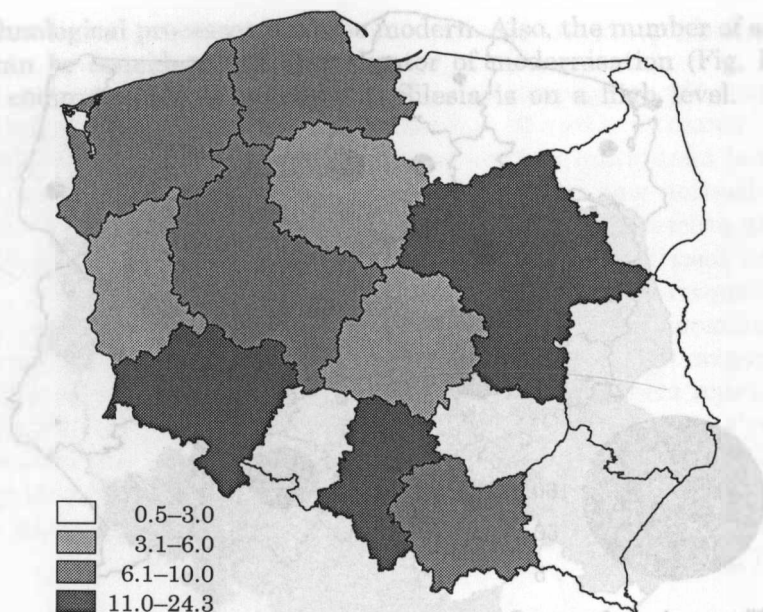


Fig. 11. Share of foreign investors in the voivodeship, compared with the country's average

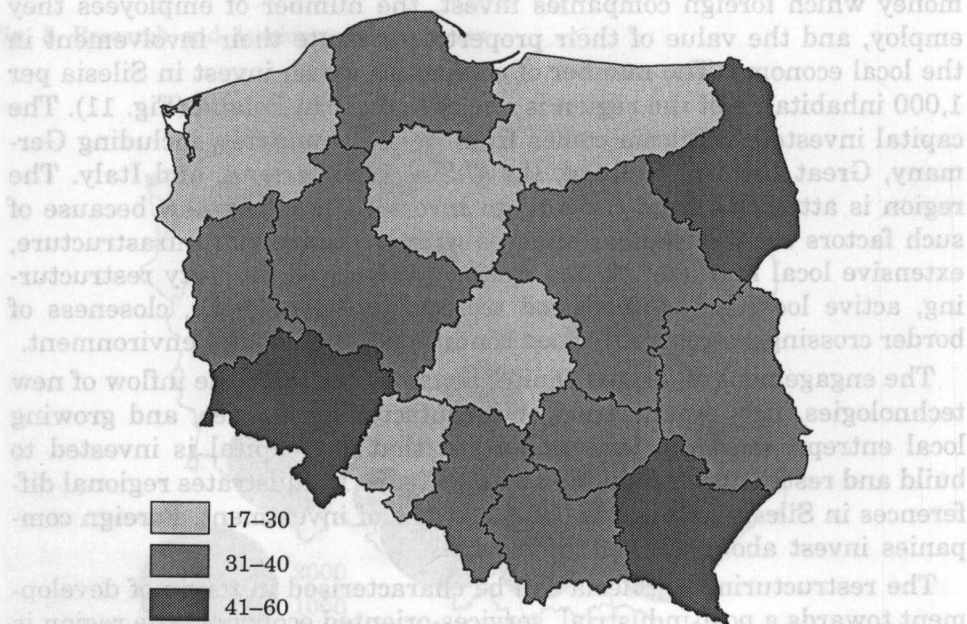


Fig. 12. The restructuring of properties by foreign investors (the relationship of investment funds and fixed assets)

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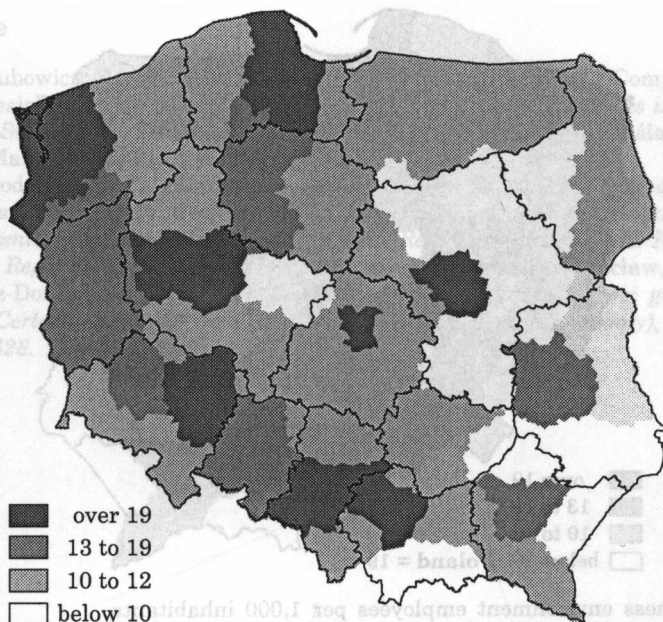


Fig. 13. Participation in services (sector three)

in the services sector; by comparison, the average indicator for Poland is by 10% lower (44%). The services sector is winning a dominant position in the South, near the Sudetes. That situation is connected with the development of tourism and recreation-related business. Monofunctional industries are changing rapidly in the area. Almost 90% of the services-sector employees live and work in cities such as Wrocław, and the towns of Upper Silesia. Services are best developed in bigger centres, both in Silesia and the other parts of the country.

A well-developed business-supporting sector (business environment) guarantees proper functioning of business infrastructure (Fig. 14) The sector includes financial and insurance institutions, organisations and associations which support economic development and help to establish business relations. In the Western and Southern regions of Poland, and especially in Silesian cities, business environment is in a good condition.

Also, academic institutions influence business environment. Important academic centres are located in Gdańsk, Poznań, Wrocław, Kraków, Łódź, and Warsaw. The number of academic teachers and students is very high in Wrocław (Fig. 15).

The indicators of competitiveness which were listed at the beginning of our report, are not evenly distributed throughout Poland. There are regions, which have many indicators, and, in other areas, there are

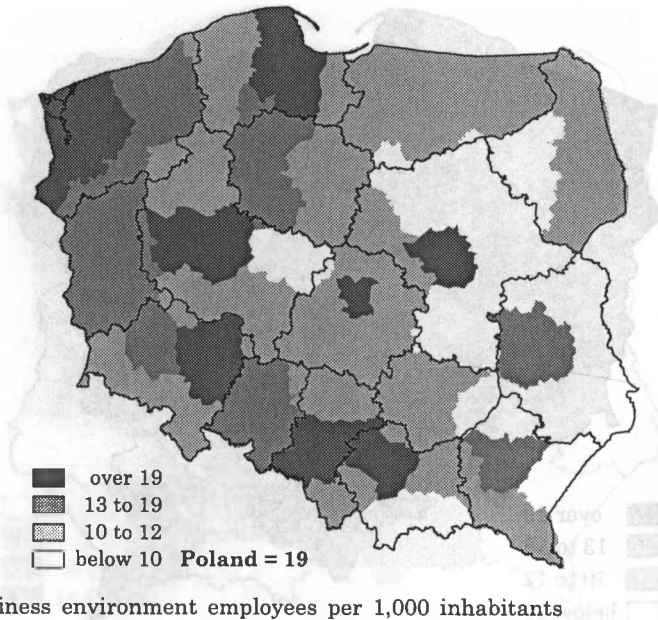


Fig. 14. Business environment employees per 1,000 inhabitants

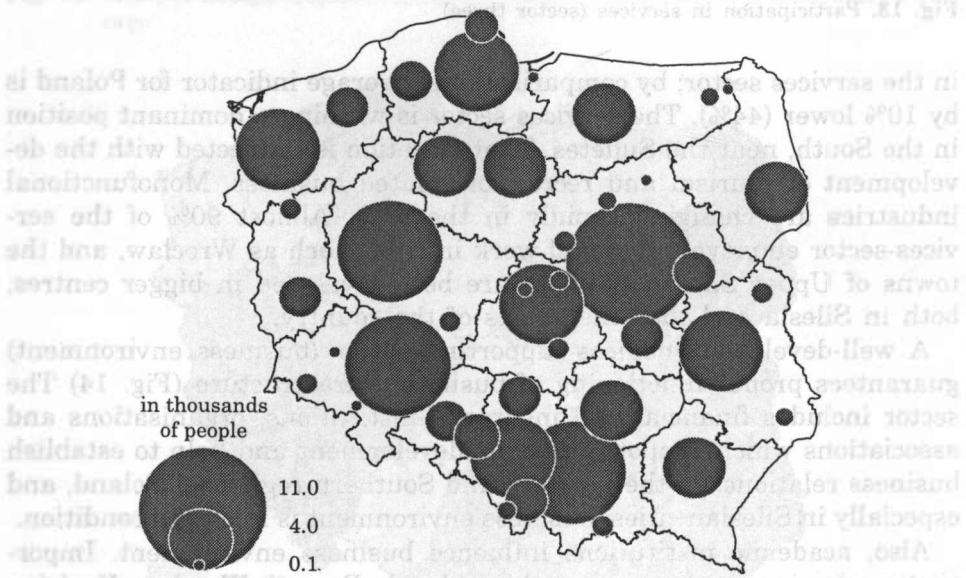


Fig. 15. Academic educational centres including the number of academic teachers

fewer indicators. Self-governing administrative units will have to increase their efforts to establish an inter-regional policy, and to improve competitiveness. Local economy will depend on their effectiveness.

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