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Modern Approach to Organizational Resources Based on The Example of The Elbląg Furniture Cluster**

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Abstract: *The Lisbon Strategy, which is implementing a new type of economic policy, is intended to change the economy of the European Union into a knowledge-based economy which will be the most competitive economy in the world. This should lead to sustainable economic growth by, among other things, providing a bigger number of better jobs and greater social cohesion. The issues of the development of competitiveness and innovativeness in European regions, which have their roots in the Lisbon Strategy and have transformed into the Regional Innovation Strategies, have become increasingly popular and significant. One of the tools facilitating this development is undoubtedly the cluster. The purpose of the present article is to outline new approaches to the world economy. It also presents an innovative dimension of co-operation as well as various forms of organizing contemporary entrepreneurship.*

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INTRODUCTION

The Lisbon Strategy, which is implementing a new type of economic policy, is intended to change the economy of the European Union into a knowledge-based economy which will be the most competitive economy in the world. This should lead to sustainable economic growth by, among other things, creating a bigger number of better jobs and greater social cohesion. The issues of the development of competitiveness and innovativeness in European regions, which have their roots in the Lisbon Strategy and have transformed into Regional Innovation Strategies, have become increasingly popular and significant. One of the tools facilitating this development is undoubtedly the cluster. The purpose of the present article is to outline new approaches to the world economy. It also presents an innovative dimension of co-operation as well as various forms of organising contemporary entrepreneurship.

DEFINING A CLUSTER

The concept of an industrial district devised by Alfred Marshall, a nineteenth century economist, forms the basis for the concept of a cluster. As pointed out by Marshall (Marshall 1925), there exist three factors that influence significantly the improvement of companies' competitive positioning and these are as follows: flow of knowledge, highly specialized production and services, and a highly-qualified labour force. Another giant step in the development of clustering was the presentation of the hypotheses elaborated by Francois Perroux and Erik Dahmen, who in the mid twentieth century pointed to the importance of developing key branches of business and to the need for networking enterprises which, in turn, impacts the development of other branches. However, the major impact on the development of clustering was exerted by Michael Porter's works. In his works Porter (1990) developed his own concept referred to as the competitiveness diamond (Porter 1990).

Despite many years of work on coining a precise definition of a cluster, we can still come across different descriptions of the concept. The situation has been made even more complex due to the existence of numerous theoretical concepts corresponding more or less to the concept of a cluster, such as, for instance: an industrial district, a regional innovation system, an innovation network, etc.

It is worth distinguishing a few characteristics shared by most definitions:

– spatial concentration,
– interactive character – connections,
– common development trajectory,
– competition and cooperation.

In the Polish subject literature, apart from the Polish adaptation of the English term 'clusters' – '*klastery*', there are used other terms similar in meaning such as '*grona*' (circles), '*związki przemysłowe*' (industrial associations) and a phrase translated from French '*lokalne systemy produkcyjne*' (in French: '*systèmes productifs locaux*'). One of the most popular definitions of a cluster was introduced by M. E. Porter. According to Porter (2001), clusters are geographical concentrations of mutually related businesses, specialized suppliers, entities providing services, companies operating in related sectors and various institutions connected with them (for instance, universities, normalization institutions, or branch associations) who compete and cooperate with each other (Porter 2001).

A more precise definition of a cluster was provided by the Ministry of the Economy in a ruling published on 11 December, 2006: "a cluster is a spatial and sectorial concentration of subjects that act with a view to supporting the economic development or innovation and comprises at least ten entrepreneurs that run a business activity within the area of one or a few adjacent provinces that compete and cooperate in the same or related branches and are connected by a developed network of relations of a formal and informal character, and at least a half of the entities operating within the same cluster are entrepreneurs" (Kowalak 2007, p. 34; *Znaczenie klastrów...* 2007, p. 34).

THE CLUSTER INITATIVE AND A CLUSTER

At first glance the difference seems to be obvious – the cluster initiative makes the beginning of a cluster. However, we may wonder when a cluster initiative becomes a cluster. In order to differentiate these concepts let us indicate their distinctive features.

The occurrence of a concentration of subjects, in particular enterprises manufacturing or providing specific types of products or services, between which there are created some cooperation relations, can be treated as the germ of a cluster *(Ministry of Regional Development...* 2007). The attempts made to tighten and extend the broadly understood cooperation and to improve the competitiveness of the whole set of such entities have created a premise to implement the so-called 'cluster initiatives'. Consequently, the cluster initiative means making conscious efforts with a view to improving competitiveness by encouraging companies, authorities and scientific institutions from a given geographical area to start to collaborate with each other.

A cluster, in turn, is characterized primarily by the above-average degree of spatial concentration of economic entities operating in a given sector and in sectors related to it (Jabłoński 2009, p. 3). In numerous specialist reports the location indicator is regarded as the dominant one. However, the examples of the attempts to create clusters in Silesia or in the automotive industry in the *Wielkopolska* region, show that in spite of the occurrence of this indicator in the industries (mining or automotive) the whole initiative failed.

Therefore, we may formulate a statement that the underlying difference between the cluster initiative and a cluster is, or should be, the basic motivation indicator. In the case of the cluster initiative this would be location. For a cluster, this would be the indicator of sectorial concentration.

THE EXAMPLE OF THE MEBEL-ELBLĄG CLUSTER

The Association of the Mebel-Elbląg Cluster was registered on 24 August 2007. It is a local initiative and covers in its scope the town of Elbląg and its surroundings. The self-governmental authorities of the town of Elbląg and the Elbląg Chamber of Commerce and Industry were the initiators of the creation of this cluster. Mention should be made that this cluster is the first successful initiative of this type in the Elbląg subregion and one of the first in the *Warmia* and *Mazury* regions. The cluster is composed not only of companies producing furniture or furniture fixtures but also of companies rendering services in this sector. Furniture manufacturers from Elbląg and from the area around it belong to the Association. These businesses operate in a very challenging area that is characterized by numerous social and economic problems. If we take into account the gross domestic product by subregions, the participation of the Elbląg subregion reaches the level of 9,802 million PLN, which equals merely 1% of the GDP and the amount per person was 18,427 PLN (for comparison, the average for the country amounted to 25,767 PLN). It must be emphasized that the industry of the *warmińsko-mazurskie* province employs only 3% of the total of the employed in Poland and provides 2.6% of the overall production sold in the industrial branch. The above statistics show that despite a noticeable economic improvement over a few years, the overall economic situation of the subregion is rather weak. The major problems faced by the subregion are the high unemployment rate and the on-going exodus of the young and educated to other regions.

On 26 February, 2008 the Association of the Mebel-Elbląg Cluster concluded an agreement with the Wood Technology Institute in Poznań and this initiative is to contribute to increasing the expertise, competitiveness and innovation of companies from the furniture manufacturing industry and of other cooperating subjects of the cluster.

The Association of the Mebel-Elbląg Cluster cooperates closely also with the Town of Elbląg commune based on the agreement concluded on 07 May, 2008. This cooperation, among other things, consists in supporting the statutory activities of the cluster and mutual initiatives undertaken with a view to expanding the town and the region.

A tangible effect of the cooperation between the cluster and the public and scientific spheres was the organization of a seminar (15 February, 2008). The cluster and the Elbląg Municipalities extended an invitation to the representatives of the Wood Technology Institute in Poznań to conduct this seminar, which was devoted to the problems of the manufacturers associated in the Mebel-Elbląg Cluster. The topics discussed concerned the issues of furniture quality, product certification, machinery safety, as well as aspects of the functioning of the Polish furniture manufacturing industry.

In the near future (i.e., from April, 2011 onwards) the cooperation between the Mebel-Elbląg Cluster, the Town of Elbląg commune and the Wood Technology Institute in Poznań will focus on the implementation of the research results obtained from the research and development unit of the Centre for Wood Technology. At present, the Centre for Wood Technology is at the stage of creation within the project realized by the Town of Elbląg as part of the construction of the Elbląg Technological Park (financed by the project 'Development of Eastern Poland'). This activity facilitates cooperation between economic subjects representing the private sector and scientific institutions undertaken with a view to promoting the development of local technologies and inspiring innovation activity. As a result of the activity the cluster will act as an intermediary in the acquisition and implementation of new technologies designated for the furniture industry.

CHARACTERISTICS OF THE WOOD AND FURNITURE INDUSTRY IN THE WARMIŃSKO-MAZURSKIE PROVINCE BASED ON THE EXAMPLE OF REGIONAL RESEARCH

In order to assess the economic situation of the wood and furniture industry, in 2009 the Provincial Office in Olsztyn made a survey among 108 selected companies from the area of the *warmińsko-mazurskie* province. Out of the examined companies 15% evaluated the overall situation as positive, 49% as satisfactory, and 36% as negative. The survey results were slightly worse than the results obtained from another survey conducted after the first quarter of the present year. In this later survey 72% of companies assessed their situation positively. Besides, 61% of respondents assessed positively their situation in relation to the domestic portfolio of orders for manufactured products, and 37.5% provided negative assessments in that respect. In the case of the portfolio of foreign orders, the indications were as follows: 54.6% - positive, 45.4% - negative. However, only 7.5% of companies declared that they had increased their investment outlays.

In the light of the information provided by the Provincial Office in Olsztyn (*The synthesis of the analysis of the business cycle in the wood and furniture sector of the warmińsko-mazurskie province for the third quarter of 2009* – materials available on the official website of the Provincial Office in Olsztyn) in the third quarter of 2009 the value of the production sold by the furniture manufacturing sector, calculated at current prices, was higher than the production volume from the second quarter by 6.1% (these values were comparable to the results achieved in 2008). The situation presented in the section 'manufacture of articles made from wood, cork, straw and wicker' looked slightly worse. In this case the production output from September, 2009 calculated in at current prices was lower (by 4.2%) than the production output noted twelve months before. Anyway, those results were better than the ones obtained at the end of the first quarter (a fall of 18.6%) and in the second quarter (a fall of 15.8%). The relatively good results achieved by companies from *Warmia* and *Mazury* in the section 'manufacture of furniture' in the first and second quarters of 2009 were reinforced by the achieved net profitability level. In the first quarter of 2009 the profitability rate obtained from the sales of the companies reached the level of 11.7%, which was almost four times more than the profitability rate of all companies of the region employing over 49 persons (2.8%). The result obtained in the second quarter of 2009 amounted to 9.9% and was three times higher than the average for all companies of the region (2.6%).

In August of 2009 in the section 'manufacture of furniture' we could observe an increase in employment of 0.3% on the previous month but in the section 'manufacture of articles made from wood, cork, straw and wicker' there was a decrease of 0.3%.

Overall, in the sector of industrial companies of the region the average gross salary rose in September, 2009 by 3.5% in relation to August, but during the twelve-month period there was a rise of 5.6%. The survey of companies conducted in August 2009 showed that 25% of the researched entities evaluated the overall situation of companies as positive, 49.2% as satisfactory, and 25.8% as negative. Out of the surveyed entities 68.6% assessed positively their situation in relation to the domestic portfolio of orders for manufactured products, and 31.4% provided negative assessments in that respect. Among the companies that sell their products also on foreign markets, 65.7% evaluated their situation as regards their foreign portfolios of orders for manufactured products and indicated the answers ‘portfolio is increasing’ or ‘remains unchanged’, and the remaining 34.7% provided negative evaluations.

Out of the total of the researched entities 29% increased production during the previous three months, 42% reported no change in the production output level, and 29% limited their production in the considered period. As far as the employment level is concerned, 18.9% of the surveyed companies increased employment during the previous three months, 58.1% did not change the employment level at all, and in the case of the remaining 23% of respondents the employment level was reduced. If we analyse the investment outlay throughout the whole group of researched companies, we can observe that 12.9% of them increased their investment outlays, 58.1% maintained the same level of investment, and 29% reduced investment. As was indicated in the survey, the majority of the companies were not afraid of decreased prices. Only 18% of respondents did see such a threat and in the group of furniture manufacturers only 16.7 predicted a fall in prices. This may be treated as an indication of the adjustment of these companies to the changes occurring both on the domestic and foreign markets.

In the surveyed group 13.8% planned to increase their production during the oncoming three months. More than 56% did not intend to make any changes in the production level and 29.3% indicated that they would have to reduce investment outlays in the future. More than a half of respondents (68.3%) did not plan any reductions in the number of their staff during the following three months. Approximately 11% were considering an increase in employment, and 31.7% expected that they would have to decrease employment.

OBJECTIVES, ADVANTAGES AND DRAWBACK OF CLUSTERS BASED ON THE EXAMPLE OF THE MEBEL-ELBLĄG CLUSTER

The present part of the paper shows the results of the research conducted in the Elbląg region based on the example of the Mebel-Elbląg Cluster. The objectives of the research included determining how close the cooperation between the entities of the cluster was, the scope of vertical and horizontal ties between the entities, and how they understand competing and cooperating.

It follows from the research that triggering the cluster initiative should be on the part of entrepreneurs and not on the part of the scientific and self-governmental spheres. It may seem even more surprising since the Mebel-Elbląg Cluster was founded due to the cooperation of the self-government and business-related institutions. Besides, establishing a cluster ought to be a grass-roots initiative.

The following were indicated as the most essential benefits resulting from the existence of the cluster:

– increasing the competitiveness of companies,
– providing easier and cheaper access to information for the participants of the initiative,
– promoting the region,
– lowering production costs,
– cooperation with higher education institutions.

Also, the residents of the Mebel-Elbląg Cluster listed the following long-term objectives:

– promoting and developing the existing companies (93.1%),
– making efforts to increase the innovation level in the form of implementing new,
– technologies and management systems (93.1%),
– building the brand of the region (89.7%),
– providing easier access to advisory and training services (86.2%).

It must be noted that the indicated objectives are very general in their character and it may be said that they sound even like slogans – for instance, promoting innovativeness or building the region's competitiveness. The objectives that were formulated more explicitly, such as increasing the effectiveness of production processes, or increasing exports, had a smaller number of indications. The fact that the cluster initiative had its leader, who coordinated the actions of all of the participants, was indicated (93% of respondents said so) as the most important factor due to which the cluster initiative gained momentum and is still expanding. Coordinating actions in the case of the co-existence of various institutions is certainly an important task; however, the sheer fact that the cluster participants are aware of the necessity of possessing a leader may fill us with optimism. In the respondents' opinion the factors that contribute to the development of the cluster at each stage of its functioning are related to the instruments of strategic management. What counts here is the coordination of work, a leader that supervises the whole, the vision of development and clearly determined goals. On the one hand, it seems obvious that such conditions are necessary for development; on the other hand, again, it is very optimistic that the respondents are aware of this fact.

To sum up, we may state that the most essential factors that contribute to the development of the cluster are political and financial ones. The financial aspects are quite frequently pointed to as the impediments to cluster initiatives. Indeed, it may be said that access to financial funds, including EU funds, has significantly contributed to the development of the cluster. However, it is appalling that initiatives are undertaken with a view to obtaining some funds and not to realizing specific projects or benefits. As the Polish experience shows, the life of a cluster ends when the funds obtained from some EU project are totally used up.

Decidedly, the lack of financial means and a small budget is perceived (almost 90% of confirming indications) as the most serious impediment to the development of the cluster. The second most serious impediment is misunderstanding of the idea of starting up the initiative such as a cluster even by the cluster participants (approximately 68% of confirming indications). Another problem that has been identified is the difficulty in making contacts with the scientific milieu. The causes of this phenomenon have been broadly discussed in numerous scientific works; however, as can be seen, the situation still appears to be problematic to entrepreneurs.

Cooperation undertaken within cluster initiatives should be realized in two dimensions – vertical and horizontal. What is meant by the vertical dimension is the cooperation realized along the supply chain, from the supplier to the final recipient; the horizontal dimension refers to the cooperation realized within the analysis of branches, industries and sectors which provide complementary products and services, or use the same distribution channels. Cooperation of the initiative with its environment consists in undertaking actions that will lead to increasing the competitiveness of the entities which are the actors in the initiative and the region, the entities which impact directly the development of clusters.

Within the scope of partnership, priority has been given by entrepreneurs to cooperation with institutions that foster the development of innovation. Innovation is of key importance to clusters since it determines their competitiveness on a global level. Clusters may become the driving wheel of the development of a given town or region, which supports partner actions where cooperation between different companies and between companies and scientific institutions counts (and not only the cooperation between different companies).

CONCLUSIONS

Finally, we may formulate a statement that enterprises are aware of the benefits resulting from clustering. It can be observed that despite all the difficulties that companies have to overcome to stay on the market, achieve success and grow, they more frequently tend to cooperate than to compete. More and more of them decide to implement changes due to which their offers of services and products become larger and more customized. The major problem that remains unsolved is financing the cluster. There is still much to be done in that respect on the part of public administration, business-related institutions, or in the attitudes represented by businesses. Undoubtedly, we can see a positive trend in the area of the organizational innovation of Polish companies which, due to the obtainment of support funds and increasing companies' openness to other markets, should intensify in the near future.

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