

ZESZYTY NAUKOWE

**WYŻSZEJ SZKOŁY EKONOMICZNO - SPOŁECZNEJ
W OSTROŁĘCE**

4/2014(15)

**<http://www.wses-zeszyty.pl/>
<http://www.sj-ostroleka.com/>**

OSTROŁĘKA 2014

RADA PROGRAMOWA

Prof. zw. dr hab. dr H.C. Antoni Mickiewicz - Zachodniopomorski Uniwersytet Technologiczny w Szczecinie, **dr hab. Andrzej Borowicz prof. UŁ** - Uniwersytet Łódzki, **prof. James W. Dunn** - Pensylwania State University USA, **dr hab. Bogusław Kaczmarek prof. UŁ** - Uniwersytet Łódzki, **dr hab. Paweł Mickiewicz prof. SWSPIZ** – Społeczna Wyższa Szkoła Przedsiębiorczości i Zarządzania, **dr hab. Wojciech Popławski prof. WSB** – Wyższa Szkoła Bankowa w Toruniu, **prof. Enrique Viaña Remis** - University of Castilla-La Mancha Hiszpania, **dr hab. Wojciech Wiszniewski prof. PW** - Politechnika Warszawska, **dr Kazimierz K. Parszewski prof. WSES** - Wyższa Szkoła Ekonomiczno - Społeczna w Ostrołęce, **dr hab. Piotr Bórawski** - Uniwersytet Warmińsko-Mazurski w Olsztynie, **dr Agnieszka Brelik** – Zachodniopomorski Uniwersytet Technologiczny w Szczecinie, **dr hab. Mariola Grzybowska–Brzezińska prof. WSES** - Uniwersytet Warmińsko-Mazurski w Olsztynie, Wyższa Szkoła Ekonomiczno-Społeczna w Ostrołęce, **dr Manfred Müller** - Siegmundsbürger Haus Werraquelle GmbH Niemcy, **dr Radosław Szulc** - Uniwersytet Warmińsko-Mazurski w Olsztynie, **dr Volodymyr Ternovsky** - Tavriya State Agrotechnological University Ukraina, **dr hab. Elżbieta Jadwiga Szymańska** - Szkoła Główna Gospodarstwa Wiejskiego w Warszawie, **dr Agnieszka Sapa** – Uniwersytet Ekonomiczny w Poznaniu

KOMITET REDAKCYJNY

dr inż. Ireneusz Żuchowski (redaktor naczelny), **mgr Kazimierz Krzysztof Bloch** (sekretarz), **dr Agnieszka Sompolska-Rzechuła** (redaktor statystyczny), **mgr Alina Brulińska** (redaktor językowy), **Jeffrey Taylor** (redaktor językowy – język angielski), **dr hab. Bogusław Kaczmarek prof. UŁ** (redaktor tematyczny), **dr hab. Andrzej Borowicz prof. UŁ** (redaktor tematyczny), **mgr Aleksandra Nowak** (redaktor tematyczny)

WYDAWCA/PUBLISHER
WYŻSZA SZKOŁA EKONOMICZNO – SPOŁECZNA W OSTROŁĘCE
HIGH ECONOMIC – SOCJAL SCHOOL IN OSTROŁĘKA
07 – 401 Ostrołęka, ul. Kołobrzeska 15, tel./fax. 0 – 29 769 10 34
www.wses.edu.pl



Punkty Informacji Europejskiej w Ostrołęce
Europe Direct



Publikacja wydana ze wsparciem
finansowym
Komisji Europejskiej w ramach projektu
Europe Direct

© Copyright by
Wyższa Szkoła Ekonomiczno – Społeczna w Ostrołęce
Ostrołęka 2014

ISSN 2391 - 9167

Zeszyty Naukowe – nr 3/2014(14)

Od 2014 r. (od nr 1/2014(12)) Zeszyty Naukowe Wyższa Szkoła Ekonomiczno-Społeczna w Ostrołęce zmieniają nazwę na Zeszyty Naukowe Wyższej Szkoły Ekonomiczno-Społecznej w Ostrołęce, są wydawane online i są kontynuacją poprzednich Zeszytów wydawanych pod numerem ISSN 1897 – 7391.
Częstotliwość ukazywania Zeszytów Naukowych Wyższej Szkoły Ekonomiczno-Społecznej w Ostrołęce – kwartalna

Contens	p.
CHAPTER 1. CITIZEN SHIP AND LOCAL GOVERNMENT IN POLAND	6
1. ANDRZEJ SĘK	7
THE ISSUE OF THE CHOICE OF REMUNERATION IN TENDERS ORGANIZED BY COMMUNE SELF-GOVERNMENTS	
2. PAWEŁ NIEWIADOMSKI	20
MATERIAL LIABILITY OF EMPLOYEE	
CHAPTER 2. KNOWLEDGE AND INNOVATION IN POLAND	28
3. PIOTR BÓRAWSKI, JAMES W DUNN	29
COMPETITIVENESS OF DIARY ENTERPRISES IN POLAND WITH PARTICULAR REGARD PAID TO THEIR ECONOMIC SITUATION	
4. AGNIESZKA BRELIK, RAFAŁ OBUCHOWICZ	42
ROLE OF HUMAN CAPITAL IN TOURISM SECTOR-LITERATURE OVERVIEW	
CHAPTER 3. POLAND-THE EUROPEAN UNION -NEIGHBOURHOOD	53
5. DIONISIO RAMIREZ	54
OF THE CONVERGENCE OF UNEMPLOYMENT RATES BETWEEN THE SPANISH REGIONS USING DISPERSION INDEXES	

Spis treści	str.
DZIAŁ 1. POLSKA OBYWATELSKA I SAMORZĄDOWA	6
1. ANDRZEJ SĘK	7
KWESTIA WYBORU WYNAGRODZENIA W PRZETARGACH ORGANIZOWANYCH PRZEZ SAMORZĄDY GMINNE	
2. PAWEŁ NIEWIADOMSKI	20
ODPOWIEDZIALNOŚĆ MATERIALNA PRACOWNIKÓW	
DZIAŁ 2. POLSKA WIEDZY I INNOWACYJNOŚCI	28
3. PIOTR BÓRAWSKI, JAMES W DUNN	29
KONKURENCYJNOŚĆ PRZEDSIĘBIORSTW MLECZNYCH W POLSCE ZE SZCZEGÓLNYM UWZGLĘDNIENIEM ICH SYTUACJI EKONOMICZNEJ	
4. AGNIESZKA BRELIK, RAFAŁ OBUCHOWICZ	42
ROLA KAPITAŁU LUDZKIEGO W SEKTORZE TURYSTYKI – PRZEGLĄD LITARATURY	
DZIAŁ 3. POLSKA-UNIA EUROPEJSKA-SĄSIEDZTWO	53
5. DIONISIO RAMIREZ	54
ANALIZA KONWERCENCJI STÓP BEZROBOCIA MIĘDZY HISZPAŃSKIMI REGIONAMI Z WYKORZYSTANIEM WSKAŹNIKÓW DYSPERSJI	

DZIAŁ I

**POLSKA OBYWATELSKA
I SAMORZĄDOWA**

CHAPTER I

**CITIZEN SHIP AND LOCAL
GOVERNMENT IN POLAND**

Andrzej Sęk, P.h.d

Administrative Department, Humanistic Academy in Pułtusk

**THE ISSUE OF THE CHOICE OF REMUNERATION IN TENDERS
ORGANIZED BY COMMUNE SELF-GOVERNMENTS**

Introduction

Any building investments within the commune bounds should certainly be regarded as commune's own tasks, whose purpose is to fulfil the collective needs of the community. Therefore, the notional scope of the commune's own tasks encompasses its bodies' activities to achieve the goal of fulfilling social needs. It does not mean, however, that it is the commune's exclusive right. It needs to be taken into consideration that potential and human, material and financial resources will not always suffice to fulfil all of the community's needs.

The commune's own tasks, in terms of material tasks, consist solely in satisfying the society's needs within the commune's immanent possibilities. The formal meaning of the term "commune's own tasks" is determined by the understanding of notions such as: task (as such) and "public services", used both in legal acts and in legal language¹. An extended version of the general notion of commune's own tasks may be found in art. 7 of commune government act².

It needs to be pointed out that self-governments (including communes) are legally obliged to realize the tasks imposed by acts, within their financial capacity, however.

¹T. Bąkowski, Satisfying the collective needs of the community", "commune's own tasks", "commune's scope of activity" and "public issues with a local significance" as defined in regulations of art. 6 and 7 of the commune government act. Lex for the local government. Legal status for 2012.

² Commune Government Act of March 8 1990, consolidated text Journal of Laws of 2013, item 594, as amended

What is worth mentioning is that they have to make use of all their entitlements to realize and finance the tasks that they are responsible for.

As Sławomir Czarnow aptly pointed out, the execution of commune's own tasks should be identified with the idea of local community development (economic, social, cultural and even civilizational). The most significant ones, given as example, have been indicated in commune government act art. 7 section 1. The list, which consists of 16 tasks, is not comprehensive and it is incorrect that the communes are not able to undertake tasks other than the ones defined in the act³. Unlike commune's own tasks, it is not necessary, or even for practical reasons not acceptable, for the additional tasks executed by the commune to satisfy the needs of every resident⁴. The manner of executing the commune's own tasks ought to be treated as the self-government's autonomous issue. This question became the centre of attention for the Supreme Administrative Court in Łódź whose 1998 sentence stated that the commune self-government's administration of areas reserved in the land development plan for housing does not make the commune automatically (in the first place) responsible for developing technical infrastructure on these areas. On the other hand, the manner of executing the commune's own tasks, especially their financing, is a question of the local government's independent directives⁵.

The list of tasks in the afore-mentioned art. 7 of the commune government act does not oblige the commune to bear both the running costs of executing the tasks and the investment costs. This issue ought to be resolved by the local government in response to the local needs. Any decisions on municipal investments should be made on the basis of art. 6 of the commune government act. The above-mentioned regulation states that all public matters of local importance, not reserved by any acts on behalf of other entities, are within the commune's scope of activities. The regulation, characterized by a general formulation, is broad enough to allow the local governments to execute investment projects whose purpose is to satisfy the residents' collective needs in terms of public utility⁶.

1. The question of remuneration in the commune's own tasks' execution

³S. Czarnow, *Municipal economic activity and the local government public tasks*. „Local Government” 2002, no 10, p. 38.

⁴W. Gonet, *The rules of delegating tasks to local government units by the state administration*. „Municipal Finances” 2011, no 1-2, p. 43.

⁵Supreme Administrative Court sentence, Łódź June 9 1998, ref. no. I SA/Łd 1311/97.

⁶Cf., M. Jastrzębska, *Non-obligatory commune's own tasks in the light of binding legal regulations*, „Municipal Finances” 2011, no 1-2, p. 35.

The execution of the commune's own tasks is connected with following the regulations of the Public Procurement Act⁷. In line with the statement made in the title of this paper, I shall deliberately omit analyzing the entire procedure of applying for a contract award and rather concentrate on the choice of remuneration for the future building investment contractor.

As early as the stage of drawing up the tender documents, "the Ordering Party" or if you prefer "the Investor"⁸ needs to decide on the type of remuneration for the future building investment contractor. Neither the Building Law nor the Public Procurement Act regulate the question of determining the remuneration. Only on the basis of the Public Procurement Act art. 14 can you conclude that the contract award proceedings carried out by the Ordering Party and the contractors are to follow the act of April 23 1964 – Civil code (Journal of Laws No. 16, item 93, as amended). Judicature is also very clear on the matter. According to the ruling of Voivodeship Administrative Court in Warsaw on July 3 2007 "despite the fact that the parties in the public awarding proceedings are the Ordering Party and the Contractors, the civil code regulations are applied in reference to their civil-law operations only when, in compliance with art. 14 and art. 139 of the Public Procurement Act of January 29 2004 (Journal of Laws, No. 19, item 177 as amended), the regulations herein do not state otherwise"⁹. Public Procurement Act regulations are therefore *lex specialis* to the civil code regulations. In a scope not distinctly regulated by the Public Procurement Act, the civil code regulations ought to be applied directly and not only *mutatis mutandi* in reference to the operations carried out by the Ordering Party and the Contractors. It is therefore beyond doubt that the Public Procurement Act, which is mostly a functional (procedural) act, does not exclude the application of civil code regulations, but in fact requires their application.¹⁰

In compliance with the civil code regulations¹¹ the Ordering Party (in this case the commune self-government) may choose two types of remuneration – flat rate or cost estimate remuneration. The issue of the cost estimate remuneration has been defined in the civil code art. 628. According to the quoted regulation, if the

⁷Public Procurement Act of January 29 2004, consolidated text Journal of Laws of 2013 item 907, as amended.

⁸Depending on the specificity of the act, the legislator uses the terms „Ordering Party” in accordance with the Public Procurement Act or „Investor” in accordance with the act of July 7 1994 – Building Law, consolidated text of 2013, item 1509 as amended.

⁹Voivodeship Administrative Court in Warsaw sentence of July 3 2007 ref. no. V SA/Wa 172/07.

¹⁰Cf. Regional Court in Warsaw sentence of January 20 2004 ref. no. V CA 2344/03.

¹¹Act of April 1964 – Civil code, consolidated text Journal of Laws of 2014, item 121, as amended

parties have not determined the amount of remuneration or have not indicated the grounds for its estimation, in case of any doubts it is assumed that the parties have accepted a common remuneration for this type of contract.

If this method also proves to be ineffective in determining the remuneration, then the payment should be equal to the legitimate amount of labour and other outlays of the contractor. To estimate such remuneration in accordance with ratio legis of art. 628 § 1 sentence 3 the influence of inflation processes ought to be taken into consideration in every instance. The concept of flat rate remuneration is that it is determined in advance, without a detailed cost analysis. The remuneration is independent of the actual labour scale and cost. The issue of flat rate remuneration also became the centre of attention of the Supreme Court in Warsaw. On November 20 1998 the Supreme Court interpreted in detail the notion of flat rate remuneration. It stated that flat rate consists in determining payment in advance in an absolute amount where the parties have agreed patently or with mutual understanding that the contractor will not demand a higher remuneration¹².

Commune self-governments acting as investors should be aware of the fact that in case of flat rate remuneration cost estimates attached to the offer are solely informative and any inconsistencies found in them are not considered proper grounds for the rejection of the offer in public contract awarding procedure. As a result, if an awarded contractor does not include all costs in the estimate, he is nevertheless obliged to execute the object of the contract in its entirety in accordance with the design documentation. The significant role of the flat rate in building investments is emphasized by another regulation, namely, art. 632 of the civil code. It states that if the parties have agreed on a flat rate remuneration, the contractor may not demand an increase of payment, despite his inability to anticipate the scale and costs of the works. According to the legislator, only in exceptional circumstances connected with the contractor's glaring losses can the court increase the flat rate or terminate the contract¹³. As indicated before, altering the flat rate remuneration is very difficult and frequently it is only possible in court proceedings. In principle, with flat rate remunerations the contractor bears the risk of any loss connected with an unexpected increase in the scale or costs of labour.

When agreeing on a flat rate remuneration, the parties need to take into consideration its ruthless and stiff nature. In other words, the flat rate remuneration provides the Ordering Party with a guarantee that the agreed sum will be paid, unless there occur conditions listed in art. 632 § 2 of the civil code. However, if as a result

¹²Supreme Court sentence of November 20 1998 ref. no. II CRN 913/97.

¹³Cf. Supreme Court sentence of August 21 2014 ref. no. IV CSK 733/13.

of an unexpected change in relations between the parties (the contractor, the commune self-government) the execution of the contract would result in a glaring loss for the contractor, the court may increase the flat rate or terminate the contract. The parties to the investment ought to be aware that any such alteration of relations may only refer to an external event, independent of either party, which they were unable to objectively anticipate on the day of concluding the contract. On the other hand, any circumstances dependent on the parties or random events of an individual nature which may cause a glaring loss for the contractor are excluded.

Analyzing the aforementioned civil code regulation, one ought to conclude that it certainly keeps guard over the issue of determining the type and amount of the contractor's remuneration. In the doctrine there appear some views that indicate virtually unrestricted possibilities of changing the amount of flat rate remuneration. Edmund Józef Nowicki is of the opinion that flat rate remuneration can always be changed by mutual agreement of the parties, otherwise it would negate the freedom of contract principle and the deciding factor here is the mutual will of the parties. Following the freedom of contract principle and mutual will of the parties, a change from flat rate to cost estimate remuneration and the other way around should be deemed acceptable, as well as using flat rate remuneration for part of the object of contract and a cost estimate remuneration for the remaining part¹⁴. I believe that one cannot fully agree with this view as it would contradict the notion of flat rate remuneration regulated by art. 632 of the civil code. Apart from the resolutions of the quoted civil code regulation, the Supreme Court took an identical stand in its sentence of March 25 2011 where it states that flat rate remuneration is one of the acceptable forms of contractually determining the remuneration for executing works. When agreeing on a flat rate remuneration, the parties need to take into consideration its ruthless and stiff nature. Only in exceptional circumstances can the court increase the flat rate or terminate the contract¹⁵. One can find exceptions to this rule in other examples of judicature. The sentence passed by the Appeal Court in Białystok states that the flat rate remuneration agreed in the public awarding procedure is not only fully protected by the above-mentioned regulation, but its alteration can only be a result of a glaring loss and in addition, such loss is essential in order to effectively seek protection on the grounds of this regulation¹⁶. It does not refer to the loss of the anticipated income, but to „a glaring loss” suffered within a certain legal relation, determined by the concluded deed contract. The general state

¹⁴J.E. Nowicki, *Public orders for construction works*, „Public Orders Advisor” 2009, no 12 p.46.

¹⁵Cf. Supreme Court Sentence of March 25 2011 ref. no. IV CSK 397/10.

¹⁶Appeal Court sentence in Białystok of November 6 2013 no. I ACa 466/13.

of the contractor's company may have an indirect influence as the scale of the loss cannot be determined solely in objective categories, separate from the scale of his business activity. It is fully understandable that the same amount may prove to be insignificant for a large entrepreneur and for a small one cause a "glaring" loss, defined in art. 632 § 2 of the civil code¹⁷.

A slight exception from the formula adopted in art. 632 of the civil code has been regulated in another Supreme Court sentence of September 18 2013.

According to the quoted sentence the regulation of art. 632 § 2 of the civil code is of a dispositive nature. Within the notion of freedom of contracts (art. 353 of the civil code), the unilateral protection of the contractor adopted in art. 632 § 2 of the civil code does not deprive the parties of a building contract of the possibility to define their legal relation in such a way that the risk of accepting a flat rate remuneration by the contractor is offset. In such case, the counterbalance for the contractor's risk of suffering a glaring loss caused by the increase of building material prices and other costs of construction works is the legal situation of the Ordering Party which cannot demand to reduce the flat rate remuneration even if the contractor gains more benefits than anticipated, for instance because of a decrease in building material prices or other costs of construction works¹⁸. Supporting the statement with the quoted regulations is fully justifiable as they refer to construction works contracts.

The issue discussed in this paper has also found itself in the centre of attention of the judicature. According to the Supreme Court ruling of June 2007 article 632 of the civil code can be applied as analogous to a construction works contract.

If commune self-governments decide on a flat rate remuneration in public tenders, they actually may not demand a cost estimate from the potential contractors. Apart from judicature offering its opinion on the auxiliary role of cost estimates in flat rate remuneration, also the National Chamber of Appeal by the President of the Public Procurement Office has made a statement. It took an identical stand as the quoted judicature. In one of its sentences in 2011 the National Chamber of Appeal stated that in principle the cost estimates attached to a flat rate remuneration are of an informative nature and any inconsistencies found therein cannot be considered grounds for the rejection of an offer. Since in case of flat rate remuneration the contractor is obliged to include all the costs of the contract execution, even if they do not result from the bill of quantities, the contractor still fully accepts the risk

¹⁷Cf. Supreme Court sentence of November 15 2006 ref. no. V CSK 251/06.

¹⁸Supreme Court sentence of September 18 2013 ref. no. V CSK 436/12.

connected with calculating the price of the contract¹⁹. This document has no greater significance in this situation, it can be considered only a justification for the amount of flat rate remuneration proposed by the contractor²⁰. The Investor (the Ordering Party) that offers a flat rate remuneration and the contractor who accepts this type of payment have to be aware of the fact that in case of flat rate remuneration there can be no additional works. There can be, however, some complimentary works, under the condition that the parties to the contract have anticipated such a possibility and included in the contract the kind of works that can be commissioned to the main contractor.

Choosing flat rate remuneration as a basis, the parties need to take into consideration that the flat rate price agreed in the tender refers to the object of contract in its entirety and apart from few exceptions (discussed in this paper) it cannot be altered throughout the period of contract execution. In case of flat rate remuneration there is no notion of substitute works which the contractor may execute with the designer's consent, but without the possibility of increasing the contractual remuneration therefrom. Such an event may occur when the Ordering Party performs the substitute works and as a result the facility gains in value. In case of flat rate remuneration the Ordering Party determines the standard of works in the contract. To determine the amount of the flat rate remuneration, the following elements need to be taken into consideration:

- Design documentation, on the basis of which the ordering party or the contractor determines the scope of works;
- the contractor's offer (whose detail is determined by the ordering party) which refers to the bill of quantities and e.g. the contractor's unit prices;
- the suggested amount of flat rate remuneration determined by the Ordering Party (the Investor).

Apart from the above-mentioned elements it is essential for the potential contractors (contractor) to personally inspect the construction site. This seemingly marginal action proves to be of great importance as the „inspection” of the investment site can help to make the final decision on whether to participate in the contract award

¹⁹National Chamber of Appeal by the President of the Public Procurement Office of August 18 2011 no. KIO 1673/11.

²⁰Cf. Appeal Court in Poznań sentence of March 6 2001 ref. no. I ACa 1147/00, sentence 2.

procedure. It can also allow the future contractors to detect any possible hidden works prepared by the Ordering Party. The hidden works may cause the scope of works to expand, requiring the future contractor to cover the additional costs. Although the Ordering Party (the Investor) is obliged to provide all the information on the construction site conditions, it would be difficult to prove that the Ordering Party acted in ill will. In any case there need to be particular materials, aids, proper equipment, tool, etc. which are in principle provided by the contractor. In general, it is the responsibility of the contractor to provide anything that is needed to execute the contract, regardless of the amount of work.²¹

The second type of remuneration mentioned in this paper that a commune self-government (the Ordering Party) can choose in the tender documentation is cost estimate remuneration. There is no distinct definition of this type of remuneration in the Public Procurement Act. This issue's regulation can be found in the civil code. It is based on the notion of anticipating the scope of works and their costs which are not final and may change in relation to the changing conditions of the contract's execution. Unlike the flat rate remuneration, cost estimate remuneration includes additional works. In principle, the definition of cost estimate remuneration can be found in art. 629 of the civil code which states that if the parties have determined the remuneration on the basis of a list of the planned works and anticipated costs (cost estimate remuneration) and the prices or rates which remain valid up to that moment in cost estimates have been changed by the ruling of a competent authority, each party may demand an appropriate change of the agreed remuneration²².

In spite of the fact that unlike a flat rate remuneration the cost estimate remuneration allows for a considerable freedom to change the amount of payment, there are still some restrictions. The Supreme Court has passed a resolution on this issue, declaring that the contractor cannot demand a higher cost estimate remuneration due to a price change (art. 629 of the civil code), if the change in prices occurred while he was already delayed in the contract execution²³. The legitimacy of a change in the amount of cost estimate remuneration is regulated by art. 630 of the civil code. According to this article, if there is a necessity of carrying out works in the course of the contract execution which have not been anticipated in the bill of planned works that serve as the basis for calculating the cost estimate remuneration, and it was drawn up by the ordering party, the contractor may demand an appropriate increase of the agreed remuneration. If the list of planned works has

²¹Cf. S. Buczkowski, *Civil law system*, Warsaw 2010, volume III, part 2 p. 426.

²²Supreme Court sentence of July 30 2003 ref. no. II CKN 361/01.

²³Supreme Court resolution of December 10 1982 ref. no. III CZP 45/82.

been drawn up by the contractor, he may demand an increase of payment only if despite due care he was not able to anticipate the necessity of carrying out additional works.

It may not, however, automatically mean that a contractor goes beyond the contractual framework of construction works. If there is a necessity of expanding the scope of construction works, then both the Ordering Party and the contractor have to reach an agreement. For evidence purposes, the agreement needs to be prepared in writing as an annex to the contract. In the annex the parties to the contract determine the scope of construction works and the change of remuneration. It is an essential legal action, for in an event when the contractor carries out additional work without the ordering party's consent, then in compliance with the law he cannot demand an increase of remuneration²⁴. Analyzing the judicature of the National Chamber of Appeal by the President of Public Procurement Office, one can conclude that determining the type of remuneration at the beginning of the contract award procedure is of a hypothetical nature. This view may be formed on the basis of the National Chamber of Appeal sentence of 2010.

According to the National Chamber of Appeal the contractor is entitled to determining the standards on the basis of which his remuneration will be calculated and the Ordering Party has no right to impose the type of calculation on the contractor. The standards of calculating the use of materials, manpower and equipment operation are part of individual calculations whose source may be the technology applied by particular contractors or individual guidelines, including business or company standards. The payment calculation method in the course of contract execution does not determine the type of applied remuneration. Both in the case of cost estimate and flat rate remuneration there may be applied the as-built bill of quantities method of calculation. The essential element influencing the type of remuneration is the division of risk for its calculation as well as the consequences of the risk during the course of contract execution. The contractor may also calculate the offered price on the basis of the initial bill of quantities in case of flat rate remuneration as the form of remuneration is not determined by this fact, but by the risk of its calculation²⁵.

²⁴Cf. art. 630 §2 of the civil code, op. cit.

²⁵National Chamber of Appeal by the President of the Public Procurement Office of November 24 2010 no. KIO/UZP 2490/10.

One ought to assume that the National Chamber of Appeal's stand on the issue can cause a lot of difficulties for commune self-governments acting as the Ordering Party in drawing up contracts in the contract award procedure. Article 144 of the Public Procurement Act has great influence on the fixed nature of the contract's resolutions. The article states that any substantial changes to the resolutions of the contract in relation to the content of the offer on whose basis the contractor has been chosen are forbidden unless the ordering party has anticipated the possibility of such a change in the contract advertisement or in the specification of the essential terms of contract and has defined the conditions of such a change. In order for the commune self-governments not to contravene the legal regulations in relation to this matter, they may introduce a market review clause to the contract. As J. Balcewicz aptly pointed out, in accordance with art. 144 section 1 of Public Procurement Act [the act of 2044 – Public Procurement Act] the possibility of introducing market review clauses has to be absolutely anticipated, either in the contract advertisement or in the specification of essential terms of contract. On the other hand, including a market review clause in the contract will result in the indexation of remuneration according to the mechanism defined in the clause and not through a change of contract. At the same time, it is unacceptable to include in the public award contract a regulation of an "open" nature, which allows an alteration of price defined unilaterally by either the ordering party or the contractor. When including market review clauses in contracts, the premise should be to ensure that the obligations which result from these clauses do not have an open nature, which could result in e.g. exceeding the expenses determined in the local government unit's budget. Therefore, an upper limit of payment from indexation can be defined in a contract. The ordering parties which do not fall under the strict discipline of the public financing act may renounce these restrictions. The risk connected with indexation can be bilateral as the cause can lead to a decrease in the contractor's remuneration²⁶.

Along with the possibility of applying the above-mentioned clauses there may be other solutions applied in tender documentation, which do not need to be altered. If on the basis of Specification of Essential Terms of Contract the calculation of a contractor's remuneration and the anticipated scope of works (in terms of amount) is further determined solely on the basis of initial bill of quantities

²⁶J. Balcewicz, *The rules of price indexation in public procurement procedures* „Municipal Finances” 2011, no 5, p. 45.

(regardless of whether they were prepared by the ordering party or the contractor) then we are dealing with a cost estimate remuneration. If the source of costs connected with the contract execution and the anticipated scope of works is not only the design documentation, which includes the construction project, technical specifications of execution and acceptance of construction works as well as the initial bill of quantities then despite the requirement of including these costs in the cost estimates of the offers we are dealing with a flat rate remuneration.

Conclusion

This paper presents merely a small area of the ordering party's activities in preparing tender documentation for construction works contracts. The field which has been interpreted refers to the type of remuneration that inter alia commune self-governments ought to pay attention to. It is difficult to explicitly state whether the flat rate or the cost estimate remuneration will be more beneficial for self-governments. Both types of remuneration can prove to be beneficial for the parties to the contract if they follow the law in effect. Frequently, the failure to follow the legal regulations is not a result of ill will but of lack of knowledge and experience in organizing tenders. One of the factors which has influence on mutual benefit of the parties is also the reliability of those participating in public awarding procedure as well as realizing the investment after the contractor has been appointed. Repeatedly emphasized predictability has a decisive influence on maintaining the norms defined in art. 144 of the Public Procurement Act. Practice shows that the resolutions of the above-mentioned regulation are frequently broken. The fundamental reasons for the infringement of this regulation is the lack of understanding of the problem of strictness of construction works contracts. Diligently specifying the circumstances, credibility and any changes in the content of the contracts would not only guarantee a proper contract execution, but also facilitate the process of paying the contractor the proper amounts by the ordering party.

Scientific literature

1. Balcewicz, J., *The rules of price indexation in public procurement procedures* „Municipal Finances” 2011, no 5
2. Buczkowski S. , *Civil law system*, Warsaw 2010, volume III, part 2
3. Czarnow S., *Municipal economic activity and the local government public tasks*. „Local Government” 2002, no 10, p. 38.
4. Gonet W., *The rules of delegating tasks to local government units by the state administration*. „Municipal Finances” 2011, no 1-2, p. 43.

5. Jastrzębska M., *Non-obligatory commune's own tasks in the light of binding legal regulations*, „Municipal Finances” 2011, no 1-2, p. 35.
6. Nowicki J.E., *Public orders for construction works*, „Public Orders Advisor” 2009, no 12

Legal literature

Commune Government Act of March 8 1990, consolidated text Journal of Laws of 2013, item 594, as amended

Public Procurement Act of January 29 2004, consolidated text Journal of Laws of 2013 item 907, as amended

June 7 1994 – Building Law, consolidated text Journal of Laws of 2013 item 1509, as amended.

Act of April 1964 – Civil code, consolidated text Journal of Laws of 2014, item 121, as amended

Judicature

Supreme Court resolution of December 10 1982 ref. no. III CZP 45/82

Supreme Court sentence of November 20 1998 ref. no. II CRN 913/97

Supreme Administrative Court in Łódź sentence of June 9 1998 ref. no. I SA/Łd 1311/97

Supreme Court in Poznań sentence of March 6 2001 ref. no. I ACa 1147/00

Supreme Court sentence of July 30 2003 ref. no. II CKN 361/01

Regional Court in Warsaw sentence of January 20 2004 ref. no. V CA 2344/03

Supreme Court sentence of November 15 2006 ref.no. V CSK 251/06

Voivodeship Administrative Court in Warsaw sentence of July 3 2007 ref. no. V SA/Wa 172/07

National Chamber of Appeal by the President of the Public Procurement Office sentence of November 24 2010 no. KIO/UZP 2490/10

National Chamber of Appeal by the President of the Public Procurement Office sentence of August 18 2011 no. KIO 1673/11

Supreme Court sentence of March 25 2011 ref. no. IV CSK 397/10

Appeal Court in Białystok sentence of November 6 2013 no. I ACa 466/13

Supreme Court sentence of September 18 2013 ref. no. V CSK 436/12

Supreme Court sentence of August 21 2014 ref. no. IV CSK 733/13

Internet websites

T. Bąkowski, „Satisfying the collective needs of the community”, "commune's own tasks", "commune's scope of activity" and "public issues with a local significance" as defined in regulations of art. 6 and 7 of the commune government act. Lex for the local government. Legal status for 2012.

KWESTIA WYBORU WYNAGRODZENIA W PRZETARGACH ORGANIZOWANYCH PRZEZ SAMORZĄDY GMINNE

Streszczenie

Niniejsza publikacja została poświęcona problematyce wynagradzania wykonawców ubiegających się o udzielenie zamówienia publicznego. Samorządy gmin organizując i przeprowadzając przetarg, już w momencie opracowywania dokumentacji muszą zdecydować się na wybór rodzaju wynagrodzenia. W przedmiotowej publikacji przedstawiono wady i zalety oraz wskazano, jakie czynniki trzeba brać pod uwagę decydując się na określony rodzaj wynagrodzenia.

Słowa kluczowe: Inwestycje, samorząd gminny, zadania własne gminy, wynagrodzenie, przetargi

Summary

This publication was devoted to issues of rewarding for contractors applying for the contract award. Establishing self-government bodies of communes and conducting the tender, in the moment of drawing documentation up a remuneration must already decide on choice of the kind. In the object publication an advantages and disadvantages was described as well as they pointed, what factors it is necessary to take into consideration deciding on the determined type of the remuneration.

Key words: investing, law, commune self-government, commune's own tasks, remuneration, tenders.

Paweł Niewiadomski

Master of Law, attorney's at law trainee, member of the Bar Association in Warsaw

MATERIAL LIABILITY OF EMPLOYEE

Introduction

General principles of material liability and liability of entrusted assets to each employee, determines the Labour Code - section V - art. 114-127. relating to material liability of employees and in implementing rules. Regulation in this area is holistic. Code of labor law comprehensively regulates material liability of employees, establishing the basis for this responsibility, differently from scratch adopted in the Civil Code²⁷. In addition, it should be noted that, in accordance with art. 300 K. P. used under responsibility of the material provisions concerning definition of harm, unlawful and circumstances excluding illegality. Material liability of employees is to be charged, regardless basis of the employment relationship. In the context of the provisions of the Labour Code in terms of liability for damage caused in connection with the performance of employee's duties. The remainder of the material liability can be formed on the basis of provisions of the Civil Code relating to tort.

Material liability of the employee may be of liability for damage caused to the employer or liability for damage to entrusted assets to the employee.

Liability of employee for damage caused to an employer

Violation of the employee's duties by an employee can cause all sorts of sanctions, from ordinal liability through material until the immediate termination of

²⁷ Uchwała SN z 29 grudnia 1975r. V PZP 13/75, (OSNCP 1976, Nr 2 poz. 19).

employment. Given above, material liability for the employee, it is important that breach of duty caused the damage. If damage is not founded in fact, there are no grounds for analysis of an infringement of the employee's duties and material liability.

In accordance with Art. 114 K. P. premises justifying the employee's material liability for damage caused to the employer are: damage, illegality (failure or undue performance employee's duties), guilt, and a causal link between wrongful act or omission of an employee, and resulting damage. For the liability of employee for damage caused to the employer is required to fulfill all four premises. According to art. 116 K. P. the burden of proof in this regard is on the employer.

The first premise of material liability of the employee is damage. The term bodily injury must be understood in the employer's assets reflected in difference between current state of the employer's property including what would have happened if not for the event that caused the injury. Employee responsibility therefore connects only to detriment of employer's assets. If rules are applied to repair damage resulting from provisions of the Civil Code that covers damages and losses that the victim suffered, and the benefits that could be achieved if damage is not done to him. Damage, therefore, encompass both the loss suffered by the employer and lost profits. Meanwhile, the Labour Code regulations clearly indicate that the employee is liable for damage within limits of actual loss suffered by the employer. This rule is applicable only in case of accidental cause damage. This means that in event of intent to cause damage or also in the case of damage caused to entrusted asset to the employee is responsible for the full amount, and thus also the limits of lost profits.

Unlawfulness of action worker takes place whenever they conflict with applicable legal order. It is therefore a fact that the damage was caused as a result of non-performance or improper performance of the employee's duties. The Labour Code unlawful employee has been limited by indicating a situation in which the employee shall bear no liability. It is off limits to the extent to which the employer or other person contributed to the emergence or increase the damage, and if the damage was caused by the action of an employee within the limits of acceptable risk, which is an expression of dismissal from risk of business of employer. The provisions of the Labour Code may indicate circumstances excluding unlawful for an employee to refrain from work if they:

- Working conditions do not conform to safety and pose a direct danger to the health or life of employee or where the work done by danger of such a danger to others
- Work requires special psychophysical efficiency, and state employee does not provide its safe execution and poses risks to others
- Issued command is inconsistent with the provisions of labor law or contract.

Apart from this can point to circumstances excluding illegality, governed by the provisions of the Civil Code, which were in labor relations to appropriate application. These include action in self-defense or in a state of necessity.

Of the Labour Code, as well as the Civil Code does not have statutory definition of guilt. The guilt is a labor law sole and exclusive responsibility of employee to the employer, which disables incurred by employee in any degree of risk associated with activity of employer. As part of premises of guilt is important to division of unintentional and intentional guilt. Affects degree of guilt on limits of liability for employee. At the unintentional guilt employee's responsibility is limited on the one hand that he is responsible only for a real loss suffered by the employer, on the other hand, that responsibility is in accordance with Art. 199 K. P. is limited to the amount of three months' salary. Conversely, if the employee intentionally caused injury, is obliged to remedy the full amount (Art. 122 of the Labour Code). The degree of guilt is also important as one of the criteria for determining the scope of liability in the event of injury to several people. In accordance with Art. 114 and 115 K. P. employee is liable for damage sustained in the workplace only in the event of a culpable failure to perform the duties of employees remaining in the causal detriment. From fact of damage when you do not an option a special responsibility entrusted asset can not be presumed guilt of the employee, as well as the failure of his duties²⁸.

Causal link points to need for an objective relationship between damage and unlawfulness of conduct. In accordance with Art. 115 K. P. employee shall be liable only for the normal consequences of an act or omission from which the resulting harm. The present rule of liability was based on the concept of the so-called adequate causation, referred to in Art. 361 § 1 of the Civil Code. Determining existence of a link need in circumstances of case appeal to empirical knowledge in the field of relationships between phenomena occurring in natural world, is therefore required to confirm that a particular system of social relations certain behavior usually leads to a specific effect.

On the margin indicate briefly what is the employer's responsibility for damage caused by an employee to a third party. In accordance with Art. 120 K. P. if cause by an employee in the performance of his duties at work, damage to a third party, is obliged to remedy only employer. To employer, who repaired damage caused to a third party, employee responsibilities as stipulated in the provisions of the Labour Code. Code itself does not regulate the basis for liability of the employer to a third party. However, when interpreting provided for in Art. 120 K. P. it should

²⁸ Wyrok SN z 11 maja 1977r. IV PR 109/77, (LEX nr 14384).

be assumed that it will respond to the conditions provided for in the Civil Code. For the employer's liability will therefore irrelevant whether the employee caused damage due to willful or inadvertent. Indeed, it is important to determine conditions of responsibility between employer and injured (a third party). Employee recourse liability arises only after the damage is repaired by an employer to a third party.

Employee liability for the entrusted asset

The liability for employee entrusted asset are governed by Art. 124 K. P. Catalog of types of property is not an exhaustive. In accordance with Art. 124 § 2 K. P. the employee is responsible for the full amount of damage to property not mentioned in § 1, entrusted him with the obligation to repay or account for it, but not limited, and generally do not even indicate what kind of property it may be. Thus, the freedom to determine the property is left to the employer, who is best informed what property should be given special care worker responsible for it²⁹. The provision commented listed two property types: those that the employee should ask the employer in no decrease state and those with which it is required to calculate³⁰.

The condition of the employee liability under Art. 124 K. P. is correct to entrust the property and damage. The correct assignment of property exists only when the employee will be putting it in the ground for him - on a certain date - or calculation of the return of property³¹. It follows by the appropriate documentation of property transfer, usually a form of this is to provide an inventory, carried out not later than one month after the occurrence of the conditions justifying the responsibility for the entrusted asset (§ 2 pt. 2 of the Council of Ministers of 10.10.1975r.). Inventory is to make an inventory of the nature of the real state of property and cash assets, valuation of the valuable and possible explanation of differences between actual state of these components and state resulting from register. Inventory should of course be carried out in the presence of an employee who is entrusted with the property under conditions that allow him to accurately checking the quantity and quality of the property. One of the requirements of a proper entrustment of property is also to know its value and that employee was able to directly supervise the care. The lack of a permanent custody of the property prevents the assessment that has been legally entrusted to the correct property. The employee is responsible for entrusted asset only if on the property he has custody

²⁹ M.T. Romer, *Prawo pracy. Komentarz*, Warszawa 2010, s. 795.

³⁰ A.M. Świątkowski, *Kodeks pracy. Komentarz*, Warszawa 2010, s. 614.

³¹ M. Barzycka-Banaszczyk, *Prawo pracy – Skrypty Becka*, Warszawa 2008, s. 242.

and direct supervision³². Another important element in correct property entrusting is explicit approval of the employee to be entrusted with the responsibility of property return and account for it. In addition, you can not effectively entrust - the obligation to return or account for it - items of property, to which access is not controlled circle of employees³³.

As already mentioned, a necessary condition for responsibility for property is the correct assignment. Entrusting the property takes place in a variety of ways: personal signature of carrier receive a certain number of items, confirmation of a particular consignment inventory, receipt of acceptance equipment, confirming the signature on any document receipt of the goods³⁴.

Entrusting property is characterized by the establishment of "zero state" or starting point, from which the employee takes responsibility, which in comparison to the final state will allow for the return of property or calculation of it. The signing of the declaration by the employee to accept responsibility for the calculation of the property does not matter constitutive and does not create itself obligation to return or account for it, but it is only relevant evidence³⁵.

Factual assignment of assets to the employee should take place under conditions such that the employee who took over the assets, it could have, with due diligence to protect them from unauthorized access and kept consistent with its intended purpose³⁶.

Failure by the employer conditions for protection of entrusted property may result from various causes. In practice, they are such. Improper organization of work or lack of control and adequate supervision of employees. Employer misconduct discussed above do not automatically result in damage to the entrusted asset but to increase the possibility of its occurrence. Their existence does not preclude the fact of damage to the employee. It is important, however, is that if the employer fails to provide an employee conditions for protection of entrusted assets, he owes it to prove that the damage was caused by the fault of employee. In the event that damage was solely due to reasons beyond his control, and proves that damage was caused mainly due to reasons for which he is not responsible, eg. theft, the employee does not bear responsibility³⁷.

³² M. Gersdorf, K. Rączka, M. Rączkowski, *Kodeks pracy. Komentarz*, Warszawa 2010, s. 633.

³³ P. Janik, *Odpowiedzialność za mienie powierzone*, [w:] *Serwis Prawno – Pracowniczy* Nr 25/2001, Warszawa 2001, s. 6.

³⁴ M. Gersdorf, K. Rączka, M. Rączkowski, *op.cit.*, s. 614.

³⁵ Wyrok SN z 3 grudnia 1981 r. IV PR 350/81, (OSNC 1982 Nr 4 poz. 65).

³⁶ M.T. Römer, *Prawo pracy...*, s. 797.

³⁷ Wyrok SN z dnia 28 kwietnia 1997 r., I PKN 114/97, (OSNAP 1998 Nr 1, poz. 11).

Entrusting a particular subject the employee should be in writing. As already mentioned, it can be made to an employment contract, or in a separate statement, which will be clearly indicated that the item has been entrusted to the employee and indicated obligation to return each time. Note, however, that potential employee's responsibility to establish the rules made in employment contract can not be less favorable than what the labor law.

It should also be noted that signing of the declaration of acceptance of responsibility for property, however, is not sufficient. In the case of entrusting assets is also necessary factual entrust such an object, then the possibility of his return.

The scope of entrusted property damage for which will be responsible employee, can be very broadly defined in the statement of responsibility entrusted to item. If employer is treated as property not returned or related to a breach of the duty calculation when it finds a lack of quantitative specific subjects. *A contrario*, employee to fulfill the obligation to refund or calculation of the assets, within the meaning of Art. 124 of the Labour Code, if it returns, or calculated from the entrusted property in quantitative terms, even if the property was returned damaged.

Employees entrusted property shall not be liable for any damage to property to extent that employer or other person contributed to its creation or increase in accordance with Art. 117 § 1 K. P. However, in this case, the burden of proof rests with the employee, who must prove misconduct of the employer and the extent to which the employer or other person has contributed to the creation or increase damage. The employer has burden of proof in terms of proving that entrusted asset to the employee with sufficient overvoltage for nature of the property. In event that the employer neglected their responsibilities in this regard is to be presumed that a deficiency in properly entrusted property the fault of the employer. In practice, the employer score a aggravating circumstances, for example. Organizational deficiencies, inadequate definition of the competencies of employees, no periodic inventory.

The amount of compensation for the damage caused to entrusted assets by employee who improves material liability referred to in Art. 124 § 2 K. P. and 125 K.P. reduced accordingly when supervision of the property is difficult in situations where the property is located in areas which are open to others, eg. visitors of, employees of other departments and the receiving of goods takes place without interrupting customer service, or when it concerns shift work³⁸.

³⁸ M. Barzycka-Banaszczyk, *Prawo pracy – Skrypty Becka*, Warszawa 2008, s. 242.

Employees entering a written agreement with the employer may accept shared responsibility for the full amount for damage to property of the employer, entrusted to them including the obligation of accounting in accordance with Art. 125 § 1 K. P. Then correspond to the parts of that agreement. In accordance with Art. 125 § 2 K. P. if it is established that the damage wholly or in part been caused by some workers, for all damages or the relevant part of the corresponds only person causing the damage.

The legal basis for the existence of shared responsibility for the entrusted to conclude additional written agreement (other than a contract of employment) with a shared responsibility between the employee and the employer, and then entrust the assets, including the staff responsible for this property. Termination of the employment contract will also automatically cease agreements on joint responsibility. It should be noted that the existence of a contract of employment is not dependent on the continuation of shared responsibility. However, a statement may be a deficiency condition to terminate the contract of employment, and thus termination of shared responsibility. Common responsibility ceases as a result of the termination of the joint liability under the agreement of the employer and all employees who have entered into a contract, termination of shared responsibility by the employee in writing 14 day forward, withdrawal by the employee. In this case, the inventory must begin immediately, but no later than within 7 days from the date of employer withdrawal from the contract on joint responsibility.

Bibliography

1. Barzycka-Banaszczyk M., *Prawo pracy – Skrypty Becka*, Warszawa 2008
2. Gersdorf M., Rączka K., Raczkowski M., *Kodeks pracy. Komentarz*, Warszawa 2010
3. Janik P., *Odpowiedzialność za mienie powierzone*, [w:] *Serwis Prawno – Pracownicy* Nr 25/2001, Warszawa 2001
4. Neubauer Z., *Odpowiedzialność za mienie powierzone*, [w:] *Przegląd ubezpieczeniowy dla Ciebie* Nr 11/2009, Warszawa 2009
5. Romer M.T., *Prawo pracy. Komentarz*, Warszawa 2010
7. Świątkowski A.M., *Kodeks pracy. Komentarz*, Warszawa 2010

The list of judgments

1. Uchwała SN z 29 grudnia 19875r. V PZP 13/75, OSNCP 1976, Nr 2 poz. 19
2. Wyrok SN z 11 maja 1977r. IV PR 109/77, LEX nr 14384
3. Wyrok Sądu Najwyższego z 13.04.1972r., 166 I PR 153/72, OSNCP 1972 r. nr 10 poz. 184
4. Wyrok Sądu Najwyższego z 03.12.1981 r., IV PR 350/81, OSNC 1982 Nr 4 poz. 65

5. Wyrok Sądu Najwyższego z 28.04.1997 r., I PKN 114/97, OSNAP 1998 Nr 1, poz. 11

ODPOWIEDZIALNOŚĆ MATERIALNA PRACOWNIKÓW

Streszczenie

Ogólne zasady odpowiedzialności materialnej oraz odpowiedzialności za mienie powierzone każdego pracownika, określa Kodeks Pracy – w dziale V - art. 114-127 k.p., dotyczącym odpowiedzialności materialnej pracowników oraz przepisy wykonawcze. Odpowiedzialność materialna pracowników ponoszona jest bez względu na podstawę nawiązania stosunku pracy. Odpowiedzialność materialna pracownika może mieć charakter odpowiedzialności za szkodę wyrządzoną pracodawcy lub odpowiedzialnością za szkodę w mieniu powierzonym pracownikowi.

Słowa kluczowe: prawo pracy, pracownik, odszkodowanie, odpowiedzialność materialna, mienie powierzone, pracodawca,

Summary

General principles of responsibility and liability for the material property entrusted to each employee , determines the Labour Code - section V - art. 114-127., relating to material liability of employees and its implementing rules . Liability of employees is to be charged , regardless of the basis of the employment relationship . Liability of the employee may be of liability for damage caused to the employer or liability for damage to property entrusted to the employee.

Key words: labour law, employee, compensation , material liability, entrusted assets, employer,

DZIAŁ II

POLSKA WIEDZY I INNOWACYJNOŚCI

CHAPTER II

KNOWLEDGE AND INNOVATION IN POLAND

Dr hab. Piotr Bórawski

University of Warmia and Mazury in Olsztyn, Poland

Prof. James W Dunn

Pennsylvania State University, the USA

COMPETITIVENESS OF DIARY ENTERPRISES IN POLAND WITH PARTICULAR REGARD PAID TO THEIR ECONOMIC SITUATION

Competitiveness in theory

The competitiveness of an economic enterprise is an economic measure. Competitiveness is the situation in which enterprises compete in the market trying to achieve similar aims. The more competitive enterprises set market prices and sell products³⁹. Competition may be considered according to various criteria. These are:

- a) the arena of competition,
- b) entities competing,
- c) the object of competing,
- d) the scope (range) of competition,
- e) the nature of competition,
- f) the intensity of competition.

The arena of competition is where competition occurs. Based on the criterion of the arena, competitiveness can be generally divided into market and non-market. The former, as the name suggests, takes place between market participants on the demand side and the supply side. This means that they compete with one another for business. Market competition does not take place only between buyers and sellers. Put simply, buyers and sellers are competing with other buyers and sellers with other sellers to complete transactions. This means that in the arena of market competition, competitors do not always speak in their mutual interactions, but rather use market-based instruments (mainly prices) to complete a transaction.

Competition between national economies, as entities of competition can be considered in two ways: one is competing countries among themselves for markets

³⁹ G. Wójcik, *Kreowanie konkurencyjności produktów rolnych na rynku krajowym i międzynarodowym*, „Wiadomości zootechniczne”, L.R. 2,2012, s. 29-36.

and supplies, and second- countries compete with each other for foreign investment in their borders. Both the planes of competition are often strongly associated with the non-market political arena of competition⁴⁰.

The subject of the competition determines what competition occurs. Competition appears for "inputs" and "outputs" by competing entities. Input competition takes place in many markets (financial, raw materials, products and services, information, labor, etc.), and its subject is widely understood to seek resources (information, means and channels of transmission, knowledge in general and within it know-how, means of transport, capital, land generally and land with beneficial location and other attributes, raw materials, semi-finished products, finished products, services, workers, etc.). Scarce resources are the object of competition because of their scarcity. Rarity is both quantitative and qualitative.⁴¹

The market does not always lead to optimal allocation of factors of production. The market is often imperfectly competitive. Lack of perfect competition is a form of market failure. There is no single, universally accepted theory of imperfect competition, nor even a single definition. Theorists propose different ways of describing imperfectly competitive structures and their main features.⁴²

The concept of intensity is used to analyze market competition in two related ways. In the first "... the intensity of competition describes the propensity and ability of market players to participate in the adjustment to changing market conditions, the intensity of competition may be expressed by means of two interrelated phenomena, namely:

- The degree of dependence of each seller upon the conduct of its competitors, and their use of the market instruments, and
- The degree of capacity and opportunities to exert influence by each seller on the conduct of competitors ... "Thus, the intensity is not only as a measure of the strength of interaction between competitors, but more broadly, as a feature describing the organization of interaction within its environment. In this case, the intensity is a measure of the level of resources, the organization must expend to ensure that the organization can achieve its goals⁴³.

The influence of competitors on marketing effectiveness also depends on the strength of the company itself. The competitive strength of the company lies in its resilience as an entity of the market and used to mute the effects of its market

⁴⁰ M. J. Stankiewicz, *Konkurencyjność przedsiębiorstwa*, wyd. Dom Organizatora, Toruń 2005 s.18-21

⁴¹ M. J. Stankiewicz, *Konkurencyjność przedsiębiorstwa*, op. cit. ... s.22, 23

⁴² E. Czarny, *Makroekonomia*, Polskie Wyd. Ekonomiczne, Warszawa 2006 s.165,166

⁴³ M. J. Stankiewicz, *Konkurencyjność przedsiębiorstwa*, op. cit. ..., s. 25 – 27.

competitors. With greater resistance by the company, the negative effects of actions by its competitors are diminished.

The opportunity to be in a market is created by various internal and external factors. The internal factors determining competitiveness include: human resources, production costs, technology, prices, and distribution, whereas external factors include: consumer preferences, supply, and substitutability. Another aspect of competitiveness for enterprises is ecological actions and the increased ecological awareness of society⁴⁴.

Sources of competitiveness advantage

Competitiveness is closely linked with international markets and an open economy⁴⁵. The most important things shaping enterprise competitiveness are its economic surrounding, particularly competitors' position, credit and fiscal politics, economy development, the financial system and the unemployment rate. Other important sources of competitiveness include: innovation, technological development, concentration, direct investment, and consumer preferences⁴⁶. Competitive potential impacts competitiveness position in a market in relation to other market participants. This is closely linked not only with competitive potential and fixed assets, but also with non material factors, such as knowledge, competence and skills of employees⁴⁷. The literature identifies external and internal factors shaping enterprise competitiveness. The most important external factors are: business environment, political environment, social and economic surrounding, technological and international environment. Important internal factors include: innovativeness, distribution network, prices of products, quality of products, employees, enterprise culture, size of investment, capital access and financing activities⁴⁸.

One factor shaping the development of enterprise competitiveness is the economic situation, mainly per capita GDP. Analysis by Goraj et al. showed large

⁴⁴ M. Krawczyk, [2012], *Konkurencyjność przedsiębiorstw w świetle uwarunkowań ekologicznych*, „Studia i Prace Wydziału Nauk Ekonomicznych i Zarządzania” nr 25, 343-356.

⁴⁵ J. Brodowska-Szewczuk, 2009, *Konkurencyjność przedsiębiorstw i źródła przewagi konkurencyjnej*, „Zeszyty naukowe, Seria: Administracja i zarządzanie” nr 7, s. 87-100.

⁴⁶ Skawińska E., *Konkurencyjność przedsiębiorstw-nowe podejście*, PWN, Warszawa-Poznań 2002, s. 83.

⁴⁷ R. Kulasa, *Przyczynowo-skutkowy model konkurencyjności przedsiębiorstw*, „Ekonomia menadżerska” 3, 2008, s. 57-66.

⁴⁸ M. Krawczyk, *Konkurencyjność przedsiębiorstw w świetle uwarunkowań ekologicznych*, „Prace i Materiały Wydziału Nauk Ekonomicznych i Zarządzania” nr 24, 2012, s. 343-356.

spatial differentiation of GDP in Poland⁴⁹. The highest levels of per capita GDP were in Mazowieckie and Wielkopolskie voivodeships. High GDP has an impact on competitiveness of dairy enterprises because it reflects purchasing power of consumers.

Competition can be divided into effective and ineffective. Effective versus ineffective competition involves a recognition that competition must be measured from the perspective of the whole market in which the enterprise operates. Of course, the effectiveness of market competition is in the context of a given market, but the level of this efficiency defines all companies. It follows that a single company is a member of a more, or less, efficient market, rather than the sole determinant of the efficiency level of the market's competition. In a market with a bilateral relationship between companies, you can explore the existing level of the intensity of competition. Bilateral relationships in the intensity of competition are based on the recognition that, in a given market segment, companies are competitors to each other. The intensity of competition involves the adjustment processes of individual entities to the actions of each other. It is not relevant why a company take these actions, whether to expand its position through of the activity or to protect some vulnerability in the marketplace. The intensity on the market is mainly dependent on the number of active sellers and their share in the total volume of supply and the qualitative characteristics of the market, as measured by the degree of perfection (or imperfection). Market determines the degree of perfection above all its homogeneity (heterogeneity), covering equally preferences of buyers, as well as items of exchange. It follows from this that the intensity level of the market is the dynamic changes in response to changes in those factors. The intensity of competition in the market can reflect the potential intensity of competition and effective intensity of the competition. The most intense market competition occurs when the processes are not subject to any interference and restrictions on the part of market participants and other entities of economic life (for example, the government). It follows that companies that operate in a market with intense competition are active participants in this market, do not take any other actions, especially those that might disturb them. However, this situation usually differs from the reality of the economy. Rarely can one assume no interference or limits of competitive practices. The highest level of potential competition is a duopoly, where

⁴⁹ Goraj at all., *Konkurencyjność i znaczenie rolnictwa oraz sektora rolno-spożywczego w województwach Polski Wschodniej*, Ekspertyza wykonana na zlecenie Ministerstwa Rozwoju Regionalnego, Warszawa 2011.

the market has only two producers of comparable size that sell homogeneous products. Realistically the effective intensity in the market is when companies conduct their business facing different types of interference and restrictions. In the real world, the highest level of effective competition intensity is in a wide oligopoly. This market includes a number of manufacturers, which limits the ability to conclude agreements. It should be emphasized that the present classification of competition as measured by the intensity of competition mainly refers to oligopolistic markets. It should be noted that a large part in shaping the competition beyond the actors and their number is the amount of government policy intervention. Polish companies seeking to do business in the European Union have to meet the requirements limiting unfair competition. The comprehensive formal and legal system defines the limits of market participants and acceptable forms of competition and sanctions in case of exceeding these limits. Polish companies are starting to turn to activities which help create highly intense competition. The potential competition and its effective intensity can also be compared to perfectly competitive markets. However, the large number of assumptions required for this comparison make it of limited use⁵⁰.

Objective and Methods

The objective of the research was to determine the competitiveness of dairy enterprises in Poland. We used the data from the Central Statistical Office (CSO) and we present economic results of enterprises engaged in milk production and processing in Poland. Moreover, we present the profitability and liquidity ratios. The range of analysis included 2011-13. We used comparable methods and descriptive methods to present the changes in the development of dairy enterprises in Poland.

Results

One main factor shaping the competitiveness of dairy enterprises is their financial situation. The process of concentrating milk processing in Poland improved the economic situation of the industry. The number of milk processing enterprises decreased from 196 in 2011 to 185 in 2013 (table 1). This result indicates the changes in Polish economic development. The profitability of enterprises is still at high level, but it is the result of the high percentage of direct exports in income and reduced employment.

⁵⁰ Adamkiewicz-Drwiłło G. Hanna, *Uwarunkowania Konkurencyjności przedsiębiorstwa*, Wydawnictwo Naukowe PWN, Warszawa 2002, s.77-78, 80-81.

The number of employed people decreased from 34,000 in 2011 to 32,800 in the first half of 2013. This demonstrates the general replacement of labor is by capital throughout the economy. Enterprises employ more qualified people, but employees with weak qualifications have difficulties in finding or holding a job.

One of the main reasons for the development of milk processing enterprises is more direct exports. Polish milk processing enterprises produce more milk than the national market needs. This creates the opportunity and the need for milk processing enterprises to export.

The percentage of profitable enterprises is still very high.

Table 1 Economic and financial results of enterprises processing milk
Tabela 1 Ekonomiczne i finansowe wyniki przedsiębiorstw mleczarskich

Specification Wyszczególnienie	2011	2012	I half/ I połowa 2012	I half/ I połowa 2013
Number of dairy enterprises Liczba przedsiębiorstw mleczarskich	196	195	192	185
Number of employed (thousand people) Liczba zatrudnionych (tysiące)	34,0	33,5	33,5	32,8
Sales (mld PLN) Sprzedaż (mld zł.)	26,3	26,5	13,3	14,0
Gross profit of dairy enterprises (mln PLN) Zysk brutto przedsiębiorstw mleczarskich (mln zł)	583	452	258	448
Financial costs in % of revenues Koszty finansowe w % przychodów	0,71	0,67	0,68	0,89
Investment rate Wskaźnik inwestycji	1,08	1,05	0,93	0,94
Percentage of profitable enterprises (%): Odsetek zyskownych przedsiębiorstw (%)				
- in total number of enterprises w całkowitej liczbie przedsiębiorstw	81,6	70,3	51,0	80,5
- in income of sector	93,3	88,0	72,6	92,7

w przychodach sektora				
The share of direct exports in sale income	12,4	13,0	12,9	13,6
Udział eksportu bezpośredniego w przychodach ze sprzedaży				

Source: IERiGŻ-PIB in Warsaw calculations based on non publisher materials

Źródło: Obliczenia IERiGŻ-PIB w Warszawie na podstawie niepublikowanych materiałów

Next, we calculated current financial liquidity and profitability ratios. First, we calculated current financial liquidity as the relation of current assets to short-term obligations. According to book resources the current financial liquidity should be between 1,2-2,0. A current financial liquidity lower than 1,2 usually indicates financial problems⁵¹.

Next, we calculated profitability ratios as the relation of income to fixed assets. Analyzing figure 1 we can see that all profitability ratios are high and stable. We could observe slight changes in the years 2011-2013.

⁵¹ Sierpińska M., Jachna T., *Ocena przedsiębiorstwa według standardów światowych*, Wydawnictwo Naukowe PWN, Warszawa. 2004.

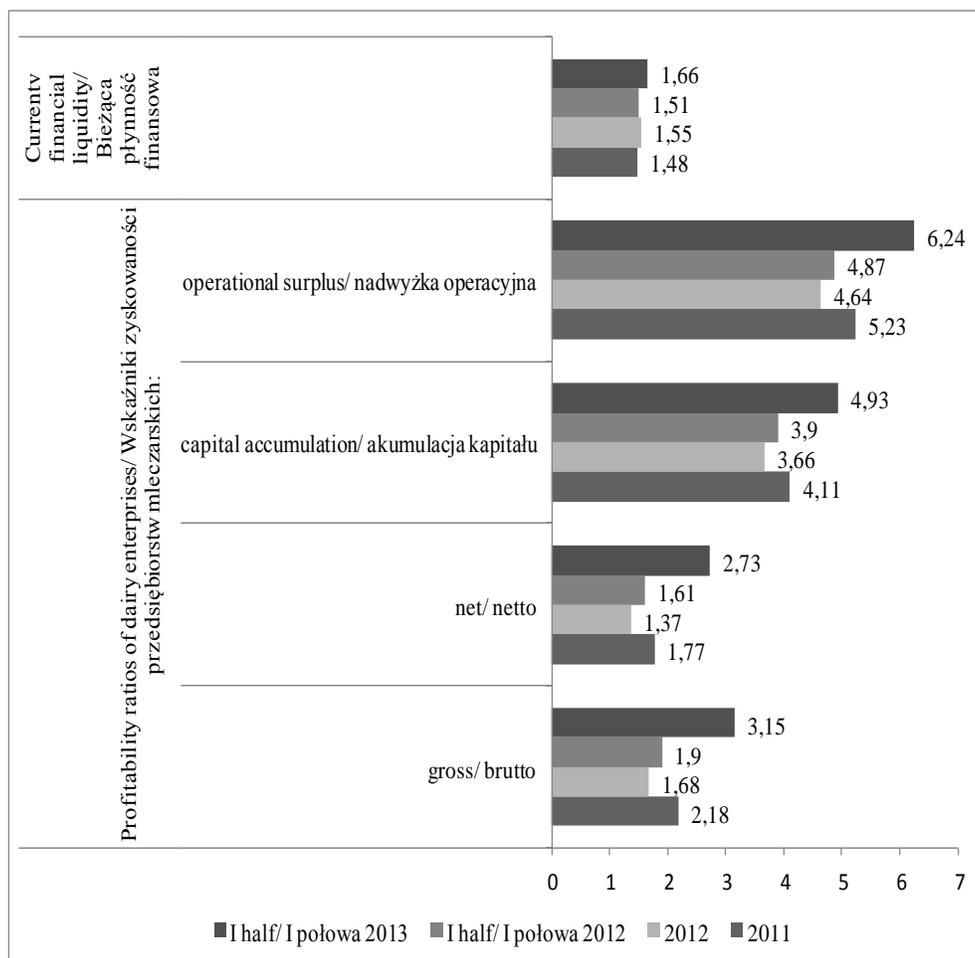


Fig. 1. Profitability and current liquidity ratios of dairy enterprises

Rys. 1. Wskaźniki zyskowności i płynności przedsiębiorstw mleczarskich

Source: IERiGŻ-PIB in Warsaw calculations

Źródło: obliczenia IERiGŻ-PIB w Warszawie

Then, we analyzed net profitability of milk processing. It is also at a high level. Net profitability of ice-cream production is very high, which points out a good situation for dairy enterprises in Poland (fig. 2).

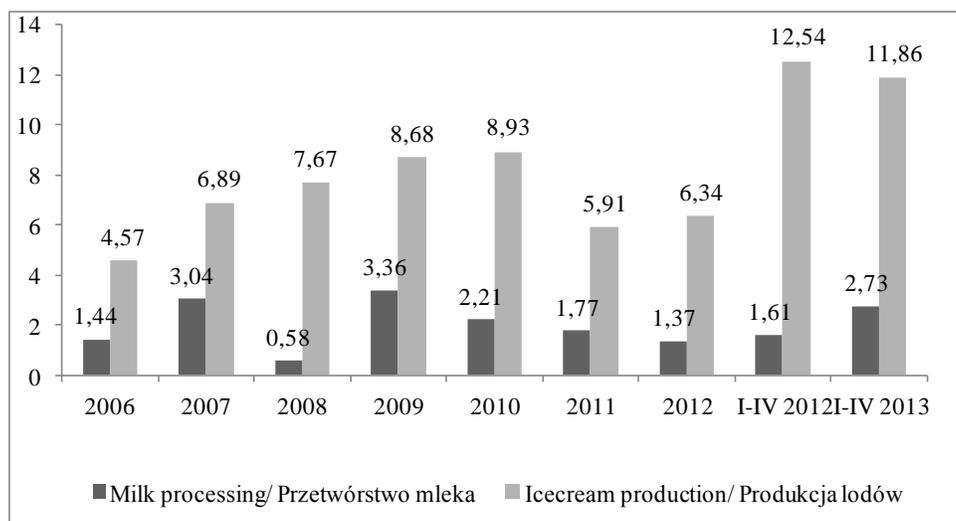


Fig. 2. Net profitability of milk processing and ice-cream production

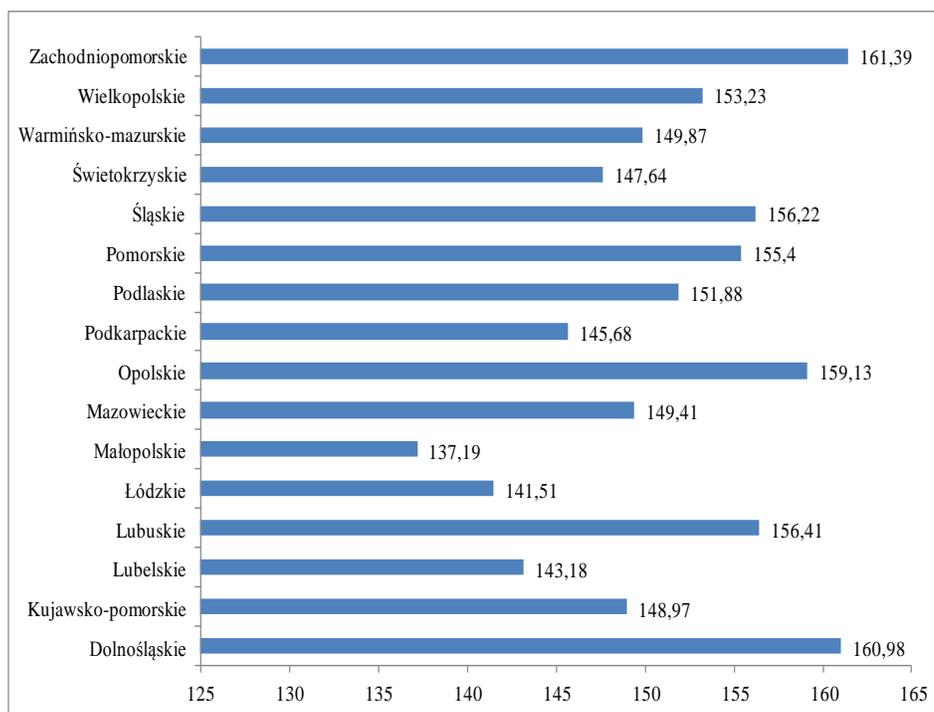
Rys. 2. Zyskowność netto przetwórstwa mleka i produkcji lodów

Source: IERiGŻ-PIB in Warsaw calculations

Źródło: obliczenia IERiGŻ-PIB w Warszawie

Based upon the information in figures 1-2 we can conclude that milk processing enterprises use resources effectively. Capital (the sum of fixed assets and current assets minus short and long term obligations) can also be described as well managed. The capital accumulation is high, so the dairy enterprises invest in material and non-material resources that help them to strengthen their competitiveness.

The competitiveness of enterprises is closely linked with milk and milk product prices. The price of milk varies regionally. The highest prices in April 2014 were in the Zachodniopomorskie, Opolskie and Dolnośląskie voivodeships. The high price of milk guarantees high incomes both for milk producers and milk processors. Milk and milk product prices vary during the year. The lower prices are generally at the beginning of the year whereas the price of milk and milk products rise higher from April to the end to the year. This seasonal price increase is typical worldwide as milk production per cow is highest in the spring and prices increase as the year progresses and inventories of storable products such as cheese and butter are sold. Often usage of these products is highest around Christmas as more entertaining occurs (fig. 3).



Fig

. 3. Average net milk prices in particular provinces in Poland in April 2014 (PLN/100 liter)

Rys. 3. Przeciętne ceny mleka w poszczególnych województwach w Polsce w kwietniu 2014 (zł/100 litrów)

Source: Milk Market 2014 April. Polska Federacja Hodowców Bydła i Producentów Mleka, 2014

Źródło: Rynek mleka 2014 kwiecień. Polska Federacja Hodowców Bydła i Producentów Mleka, 2014.

The competitiveness of Polish dairy enterprises is closely linked with the export of milk and dairy products. Analyzing figure 4 we can see that most Polish dairy exports go to European Union countries. Obviously, the integration of Poland into European Union created the possibility to serve new markets. Polish dairy products are competitive because of prices are lower in comparison to other European Union countries and quality is high.

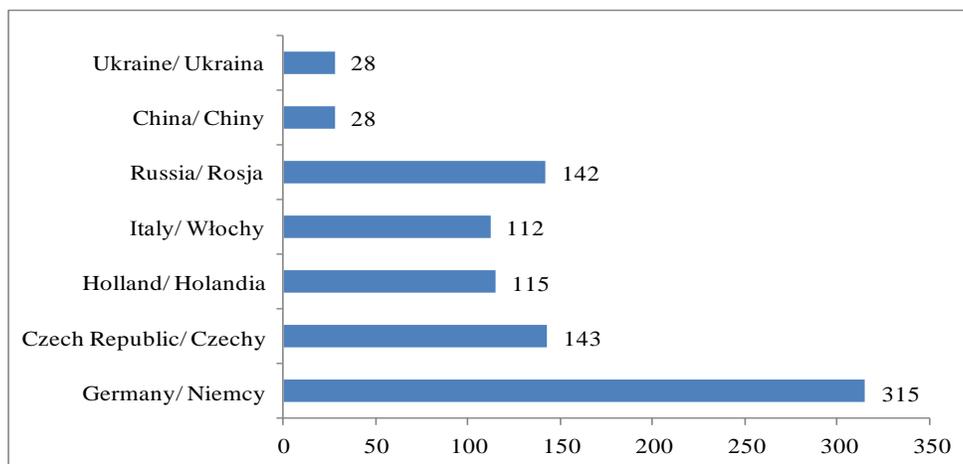


Fig. 4 Main purchasers of Polish dairy products (mln euro)

Rys. 4. Główni nabywcy polskich produktów mlecznych (mln euro)

Source: Milk Market 2014 April. Polska Federacja Hodowców Bydła i Producentów Mleka, 2014

Źródło: Rynek mleka 2014 kwiecień. Polska Federacja Hodowców Bydła i Producentów Mleka, 2014.

Another factor shaping the competitiveness of Polish dairy products is the improved logistics of milk and dairy products. Logistics can be described as the management of movement and storage, which will help the flow of products from places of production to consuming places and manage it using information⁵². Logistics is very important in the dairy business. It is particularly important in the managing the movement of raw milk and the logistics of distribution. Particularly important is the movement of milk from the farmer while maintaining the cold chain and limiting with low possibility of exposure to warm conditions. Although less sensitive than raw milk, processed dairy products must also be kept cold and moved efficiently and carefully to the final customer.

Conclusion

Polish milk processing enterprises are developing well. Poland has improved milk processing and adjusted the sector to EU requirements. The quality of milk and milk products has improved accordingly.

The competitiveness of dairy enterprises is shaped by various factors, including internal and external conditions. Internal conditions include mainly competitive

⁵² M. Pietrzak, J. Baran, M. Maciejczak, *Zakres i rola logistyki w przedsiębiorstwach mleczarskich*, „Wieś jutra” 1, 2010.

potential, human resources and employees' skills. External conditions include market forces, GDP and the economic, social and cultural environment.

The economic situation of dairy enterprises in Poland is quite good. The profitability of dairy enterprises is still high. The most important factors shaping the profitability of dairy enterprises are: high sale value and a high share of export of dairy products in total sales.

Polish dairy products are quite competitive because of a low milk price and good quality. This is a positive effect of EU integration and access to new markets. Almost 75% of Polish dairy product exports go to European Union markets.

References

1. Adamkiewicz-Drwiłło G. H., *Uwarunkowania Konkurencyjności przedsiębiorstwa*, Wydawnictwo Naukowe PWN, Warszawa 2002, s.77-78, 80-81
2. Brodowska-Szewczuk J., *Konkurencyjność przedsiębiorstw i źródła przewagi konkurencyjnej*, „Zeszyty Naukowe, Seria: Administracja i zarządzanie” nr 7, 2009, s. 87-100
3. Czarny E., *Makroekonomia*, Polskie Wyd. Ekonomiczne, Warszawa 2006 s.165,166.
4. Goraj L., Sikorska M., A., Chmielewska B., Karwat-Woźniak B., Szczepaniak I., Drożdż J., Mańko S., Płonka R., Tarasiuk R., *Konkurencyjność i znaczenie rolnictwa oraz sektora rolno-spożywczego w województwach Polski Wschodniej*, Ekspertyza wykonana na zlecenie Ministerstwa Rozwoju Regionalnego, Warszawa 2011.
5. Krawczyk M., *Konkurencyjność przedsiębiorstw w świetle uwarunkowań ekologicznych*, Studia i Prace Wydziału Nauk Ekonomicznych i Zarządzania nr 25, 2012, 343-356.
6. Kulasa R., *Przyczynowo-skutkowy model konkurencyjności przedsiębiorstw*, „Ekonomia menadżerska” 3, 2008, s. 57-66.
7. Pietrzak M., Baran J., Maciejczak M., *Zakres i rola logistyki w przedsiębiorstwach mleczarskich*, „Wieś jutra” 1, 2010.
8. Sierpińska M., Jachna T., *Ocena przedsiębiorstwa według standardów światowych*, Wydawnictwo Naukowe PWN, Warszawa 2004.
9. Skawińska E., *Konkurencyjność przedsiębiorstw-nowe podejście*, PWN, Warszawa-Poznań 2002, s. 83.
10. Stankiewicz M. J., *Konkurencyjność przedsiębiorstwa*, wyd. Dom Organizatora, Toruń 2005 s.18-21.
11. Wójcik G., *Kreowanie konkurencyjności produktów rolnych na rynku krajowym i międzynarodowym*, „Wiadomości zootechniczne”, L.R. 2, 2012, s. 29-36.

KONKURENCYJNOŚĆ PRZEDSIĘBIORSTW MLECZNYCH W POLSCE ZE SZCZEGÓLNYM UWZGLĘDNIENIEM ICH SYTUACJI EKONOMICZNEJ

Streszczenie

Celem badań było poznanie konkurencyjności przedsiębiorstw mlecznych w Polsce. W pracy wykorzystano dane pochodzące z Instytutu Ekonomiki Rolnictwa i Gospodarki Żywnościowej-Państwowego Instytutu Badawczego w Warszawie. W procesie analizy informacji wykorzystano metody opisowe i graficzne. Z analizy zebranego materiału wynika, że konkurencyjność przedsiębiorstw mleczarskich uległa w ostatnim okresie poprawie. Było to wynikiem ich korzystnej sytuacji ekonomicznej oraz rozwoju handlu artykułami mleczarskimi.

Słowa kluczowe: konkurencyjności, przedsiębiorstwa mleczne, ceny mleka

Summary

The aim of this study was to investigate the competitiveness of dairy companies in Poland. The study used data from the Institute of Agricultural and Food Economics-National Research Institute in Warsaw. In the process of analyzing the information used descriptive and graphical methods. From the analysis of the collected material shows that the competitiveness of dairy enterprises in recent years has improved. This was the result of favorable economic situation and the development of trade in dairy products.

Keywords: competitiveness, dairy enterprises, milk prices

Agnieszka Brelik, Rafał Obuchowicz

West Pomeranian University of Technology in Szczecin, Poland

ROLE OF HUMAN CAPITAL IN TOURISM SECTOR – LITARATURE OVERVIEW

Introduction

Although tourism has been identified as an important economic sector in Poland in the past, it received very little political and leadership commitment. Well-articulated policies have been formulated for the sector, which have not been implemented. The development of human capital is one component of the national tourism policy.

The survival of every tourist destination is predicated on the provision of effective human capital management for the tourism organizations and enterprises. The quality of service delivery in a destination is a reflection of the quality of its human capital.

Human resources is the most important element of any tourist enterprise, therefore appropriate training of future tourism staff is a guarantee of the development of tourist market. Human capital in the global tourism economy is the main source of innovation of tourism enterprises. Human capital is understood as knowledge, health and human capacity to contribute to the growth of its production capacity. It is a form of capital, because it is a source of current and future income⁵³.

Tourism is one of the most important economic activities in the world today, because it directly generates services, products, foreign currency, employment and investments. In countries where tourism has become a flourishing service industry, it has a far-reaching economic and social impact on national development. The rapid

⁵³ E. Szymańska, *Oczekiwania rynku turystycznego w zakresie kształcenia kadr*, Economy and Management, 1/2009, pp. 133.

growth rates in the industry have a direct impact on tourism employment and human resources development in terms of demand for professionals, specific skills and related training and education facilities. The need to develop and train the required human resources in various segments of the tourism industry has been widely recognized. Progress has been made on four main issues, but they still require consideration in view of the constraints that are still found in human resources development. The four main issues are a) shortage of qualified human resources b) gaps in the availability of tourism training infrastructure and qualified trainers and teachers, c) the lack of attention given to the conditions of work in the tourism sector and d) the ongoing need for long term national strategies and policies covering human resources development in the tourism sector⁵⁴.

The importance of the „people“ element is an imperative in service delivery. Tourism institutions are not supposed to be looking for employees to provide basic services to customers, but to engage employees who would manage the service encounters. The proper management of service encounters and atmosphere will lead to producing satisfied customers, repeat visitors and ultimately loyal customers. Since the tourism industry operates in the global markets, tourists are attracted to destinations where their touristic needs are met⁵⁵.

Some of the relevant questions about human capital in the tourism sector coincide with general issues of the economic analysis: what is the contribution of educated labor to productivity? What are the strategic sectors of an economy? What is the role of sectorial policies? However, other questions stem from specific tourism characteristics: is tourism a sector with a low level of productivity? How can productivity be measured in this sector? What are the education and training needs of the sector? What is the role of general and specific training? What is the relationship between education, training and the quality of the product supplied? What is the role of human capital in the innovation decisions of the tourism industry? Could it be the driving force of the sector? What is the relationship between investment in human capital and earnings? In the economic literature, there is a consensus that education and training are important for any firm to ensure its success in a changing and intensely competitive environment. It is also argued that

⁵⁴J. K. M. Soh, Ms, *Human Resource Development in the Tourism Sector in Asia*, Perspectives in Asian Leisure and Tourism, Vol. 1: Iss. 1, Article 7, 2008 pp 1-2,
In: <http://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1002&context=palat> data dostępu: 15.11.2014.

⁵⁵ B. B. Esu *Linking human capital management with tourism development and management for economic survival: the Nigeria experience*, International Journal of Business and Social Science, Vol. 3 No. 11; June 2012, pp. 277. In: www.ijbssnet.com data dostępu 15.11.2014.

this importance is particularly high in the tourism and hospitality industry, where the quality of service continues to be the most important characteristic differentiating a company or a destination from its competitors⁵⁶.

Arthur & Sheffrin defines human capital as a stock of competences, knowledge and personality attributes embodied in the ability to perform labor. It is the attributes gained by a worker through education and experiences, so as to produce economic value⁵⁷.

Adam Smith, in his book, *An Inquiry into the Nature and Causes of the Wealth of Nations*, describes human capital as the acquired and useful abilities of all inhabitants or members of a society. It always costs a real expense, which is a capital fixed in the person⁵⁸.

Plummer and Taylor also found that education and training of persons were the major human capital strategies. Education (illuminates the understanding of the requirement of the environment and the society at large. Training equips people to meet the labor needs of existing local employers as a means of promoting local growth⁵⁹.

McDonald and Hopkin linked human capital with solid comprehensive education program. It keeps human resources development in connection with future planned growth of the tourism industry⁶⁰.

Okorji and Okoye agree that productive investment is embodied in human beings, including skills, abilities, ideas, health, etc. They identified education, on the job training program, medical care as the major strategies⁶¹.

It leads to enhancement of employee's value to achieve public goods and to become functional citizens of the global community in terms of skills. The costs of human capital development include expenditure on education training and medical care.

⁵⁶ J.Rey-Maqueira, M.Tugores, V.Ramos, *Implications of human capital analysis in tourism*. 2006, p. 379. In: Dwyer L., Forsyth P., *International handbook on the economics of tourism*, 2006.

⁵⁷ S.Arthur, S. M.Sheffrin, *Economics: Principles in Action*. Upper Saddle River, New Jersey, 2003, In: Pearson Prentice Hall.

⁵⁸ A. Smith, *An inquiry into the nature and causes of the wealth of nations*, Book 2 - *Of the Nature, Accumulation, and Employment of Stock*; 1776.

⁵⁹ P. Plummer, M. Taylor, *Entrepreneurship and human capital distilling models of local economic growth to inform policy*. *Journal of Small Business Enterprise Development*, 11(4), 2004, pp. 427-439.

⁶⁰ M. L. McDonald, R. O. Hopkin, *The future of hospitality education in Grenada*, *International Journal of Contemporary Hospitality Management*, 15(30), 2003, pp. 156-160.

⁶¹ E. C. Okorji, C. U. Okoye, *Investing in human capital. What new guiding values? A paper presented at the 6th Eastern Zonal conference of the Institute of Personnel Management of Nigeria held at Modetel Hotel, Enugu, 2003.*

According to Inyang and Esu human capital refers to the costs individuals or organizations incur on activities and processes that lead to the acquisition of competences, abilities, talents, possession of positive attitude and skills. They identified employment of educationally qualified persons, employee training, payment of competitive salary to staff and employment of experienced persons as important factors. Human capital creates added value to the productivity of a firm or organization or nation. It is the costs individuals or organizations incur on human capital activities and processes⁶².

The use of tourism for combating poverty has been encapsulated in the Pro-poor Tourism (PPT) and in community based tourism initiatives⁶³.

Wang, Ayres and Huyton indicated 27 tourism discipline attributes employers in the industry would want employees to possess based on occupation. Tourism Discipline Attributes include academic grade, Adaptability at work, Attention to detail, Computer skills, Confidence, Creativity, Critical thinking, customer service skills, Decision making, Event management skills, Industry knowledge, Leadership ability, Legal, understanding, Management skills. Tourism Discipline Attributes includes Networking, Negotiation skills, Marketing and sales skills, Oral communication, Organizational ability, Practice skills, Problem solving skills, Relationship management skills, Relevant work experience, Research skills, Team working skills, Work ethics, Written communication⁶⁴.

The most popular tools for human capital acquisition are education and training. A content analysis of the extant research shows that out of the thirteen literatures reviewed, majority mentioned education and training. To create real value, businesses are advised to leverage their human capital by helping develop large numbers of their employees into better-educated workers, who will be able to create more high-value-added products and services at extremely low cost. Many world leading industrial powers are beating the United States simply by understanding that knowledge equals profit (Return on Investment). These nations invested extensively in student career programs. These have short and long term profits. High quality re-

⁶² B. J. Inyang, B. B. Esu, *Human capital dimensions in an emerging tourism Market: The Case of Cross River State, Nigeria*, International Business Management, 2(2), 2008, pp. 33-41.

⁶³ C. Ashley, C. Boyd, H. Goodwin, *Pro-poor Tourism: Putting Poverty at the least of the Tourism Agenda*, Overseas Development Institute, London, 2000.

⁶⁴ J. Wang, H. Ayres, J. Huyton, *Job ready graduate: A tourism perspective*, Journal of Hospitality and Tourism Management, 16, 2009, pp. 62-72.

education programs motivate employees to their own learning by applying innovative thinking on the job⁶⁵.

Objective and Method

The objective of this study was to investigate the challenges of human resource management in the Polish tourism industry, the challenges of tourism and hospitality education in Poland. The paper present a conceptual framework which demonstrates the linked between human capital management and tourism development. It recommends a stakeholders' approach to human capital development which would produce quality human capital that will in turn impact positively on tourism development in Poland.

Results

About 60 public and private universities in Poland, offers training in various courses and specializations of interest. Tourism can be studied at the universities of economic, agricultural, humanities and engineering. As part of the tourism and recreation universities offer a variety of specializations, such as:⁶⁶

- tourism and hospitality,
- tourist services,
- hotels and restaurants,
- pilot tours
- tourist leadership,
- organization of tourism and recreation,
- business tourism
- domestic and foreign tourism,
- management and advertising in tourism and recreation,
- catering management and dietetics,
- spa and spa tourism.

Almost all colleges offer practice, and many of them, including training abroad. The existing training programs, according to industry representatives, too little practical subjects. As a result, graduates are not adequately prepared to work in a tourist enterprise. There have been proposals for changes in curricula, especially

⁶⁵ E. E. Gordo, *Human capital. In Business: the ultimate resource*, pp. 137-138, A & C. Black Publisher Ltd., London, 2006.

⁶⁶ E. Szymańska, *Oczekiwania rynku turystycznego w zakresie kształcenia kadr*, *Economy and Management*, 1/2009, p. 36.

educational profile (less sightseeing and culture, greater emphasis on economics and marketing). Another problem is the poor knowledge of foreign languages. The most serious problem is the lack of cooperation between universities and the tourist industry and, consequently, inadequate academic preparation for the teaching of practical⁶⁷.

The study shows that the biggest problem is poor tourism staff knowledge of foreign languages (39%). The next step was a poor knowledge of the tourism market (31%) and skills shortages in customer service (29%). The need for better education in theoretical knowledge indicated by 19% of respondents. Definitely the first place in the ranking of the characteristics of workers expected by employers in the tourism industry, it takes experience, which indicated that 60% of respondents. In second place were the conscientious performance of his duties (44%), followed closely by the feature of the employer to employees appreciate the ability to work (40%). At assertiveness indicated 27% of respondents, while 20% felt that valuable knowledge is learned. Least important was the ability to come to terms with failure (10%)⁶⁸.

Maxwell et al.⁶⁹ and Fleetwood⁷⁰ state that only a properly educated workforce could be able to sustain the high level of friendly, efficient and professional service, which is a major ingredient in ensuring satisfied customers and continued growth. However, labor conditions in the sector are very poor, with low salaries, high rates of turnover, high seasonality, unsocial working hours, a lack of a career path design, and comprising a significant proportion of the informal sector, that make the acquisition of skills and, therefore, the improvement of the final service, difficult.

Current Status of Human Resource Development in Tourism

In Poland, tourist services market is young and only emerging. Polish Chamber of Tourism considers it necessary to promote tourism entrepreneurs as representatives of prognosticating the future and extremely dynamic sectors of the economy. Already hiking in the Polish economy occupies a significant position, from year to year increasing its turnover. The ranking of the biweekly industry

⁶⁷ Sprawozdanie z V Ogólnopolskiej Konferencji Naukowej w Szczecinie, *O kadrach w branży turystycznej*, Rynek Turystyczny, 6 (273), 2008, p. 8.

⁶⁸ E. Szymańska, *Oczekiwania rynku turystycznego w zakresie kształcenia kadr*, *Economy and Management*, 1/2009, pp. 137.

⁶⁹ G. A. Maxwell, M. A. MacRae, A. MacVicar, *Great expectations: investors in people in Scottish tourism*, *Total Quality Management*, 12 (6), 2001, pp. 735–744.

⁷⁰ S. Fleetwood, *Research report no. 4: Tourism workforce and training*, Tourism Division, Department of Industry, Tourism and Resources, Australian Government, 2002.

"Messages Coach" that the ten largest tour operators in 2011. Handled a total of 1 365 050 tourists. Last year, the total turnover of the top ten travel agencies amounted to 3.42 billion zloty. The turnover generated by the first twenty reach 4.05 billion zloty. The total value of tour operator services market is estimated at 6 billion zloty the Polish tourism enterprises are employed hundreds of thousands of people, for the most part - the young. Institute of Tourism reported that the Polish tourism sector (travel agencies, accommodation, catering) operates about 300 thousand people. From the perspective of the last decade, employment growth in the tourism sector was almost always higher than that in other sectors of the economy. The creation of one job in tourism is one of the cheapest forms of professional activation. Tourism is an area extremely important socially. Created by traders products allow Poles what they often would not be able to make: exotic travel, fulfill their dreams, active rest. Modern tourism is not only satisfies the need of regeneration after hard work, but it becomes one of the main elements of modern life. Even in times of crisis, the Poles did not give up holidays, which show how important element of the standard of living for them is a tourist trip. Offer office is getting wider and more professional, and at the same cheaper and more available than the rest organized on their own. Using the services of travel agents is therefore saving time and money. It should also be noted that the Polish travel agency client going abroad is assured of full support at the highest level, which often do not experience traveling alone. The huge contribution of inbound tourism in the Polish State budget is indisputable. In the past 5 years, the state budget revenues from subsidiaries amounted to approximately 25-28 billion dollars. Budget of Polish Tourist Organization established to promote Polish abroad for a few years but less than 40 million zloty (approx. 10 million) per year. This is not much compared to the benefits that flow from the fact that more and more willing to visit Poland foreigners, coming as a tourist. And come not only through promotion run by the Government. There is little that it has passed, if there were no specific, targeted at foreigner's product, created with the work of Polish entrepreneur's inbound tourism, often operating in adverse legal determinants, finding no support or recognition from the Government. Do not forget that these entrepreneurs have no less part in the promotion Polish institutions abroad than you. Operators in the area are at this very diverse, and they offer richer and richer. Represent the country even at trade fairs abroad, creating a positive and friendly image of the country⁷¹.

⁷¹ P. Niewiadomski, *Pismo nr L. dz. 581/PIT/2012 Prezesa Polskiej Izby Turystyki*, Polska Izba Turystyki, Warszawa, 2012.

The biggest crisis facing Poland's travel trade is trained human resources. There are simply not enough trained people, in rural areas where they turn rice farmers into waiters. The culture of service delivery has been ingrained in the people of Poland for many years but as the economy continues to grow at a rapid pace, and more opportunities are presented to locals from other industries⁷², the tourism and hospitality industry can run the risk of a drop in standards from less people entering the workforce.

The tourism industry must continue to attract new generations by offering a clear career path. The focus is up-skilling the existing workforce and offering training programs that meet international demands. Foreign talents that work in Poland must also adopt the approach of developing local talent with clear succession planning within their organizations. Poland should maintain its culture in the face of rampant development and attend to maintenance and retention of human resources in the face of competition in the region.

Major issues facing Human Resource Development

Low worker commitment and a shortage of skills are the most frequently cited problems facing the industry by both the trade itself and by industry practitioners and organizers. Particular mention was made of the need to train chefs in specific cuisines to cater to the tastes of the increasingly cosmopolitan traveler. Skills at the management level are particularly lacking in many countries and a shortage of those with leadership qualities appears to be a common problem.

The issues are the quality of training, relationships with the industry and career development concerns. There is concern over the quality of many of the training courses currently offered. In some countries, the lack of national standards, or the shortage of well-qualified trainers or even shortage of resources to fund training centers and programs.

Another issue is the lack of contact between the travel and tourism industry and the academic establishment that is responsible for higher-level training and education. This indicates a need for central authorities such as the relevant government ministries or the national tourist office, depending upon the distribution

⁷² A. Brelik, *Rural Tourism Development in Poland*. Roczniki Naukowe Stowarzyszenia Ekonomistów Rolnictwa i Agrobiznesu., 2009, t. XI, z. 6, ss.17-20.

of responsibilities, to take lead in improving cross-sector co-operation. Even where lower-level training is broadly satisfactory, there is concern over a lack of skills upgrading and opportunities for life-long learning. The point is made that it is often difficult for staff to progress through the organization that employs them. If this situation could be improved, it would create a “virtuous circle” by providing better opportunities for skills upgrading. This could help to eliminate the perception of an industry that offers career perspectives, thereby improving its ability to attract new recruits.

The summary of all this is that, the industry is experiencing shortage of trained manpower, inadequate supply of trainers and teaching staff, low priority accorded to tourism education and training by public and private sector alike, negative attitude of employers to tourism education and training because of the commercial dimensions of the industry. This is where the human capital management function becomes relevant.

Conclusions

Human capital is critical in the development of any tourist destination. The ability of the destination to develop a competitive edge is a function of the level and quality of human capital base. Poland is an emerging tourism market. It is richly endowed with cultural and natural resources. Many of these are untapped. These resources are waiting for the right human element that will combine expertise and material optimally to produce the expected tourism benefits.

Universities in Poland should place greater emphasis on practical teaching profession and to learn foreign languages, mainly English, German and Russian (for staff working in Poland) and the French, Spanish and Chinese (for staff working in the world). Number of hours of practical classes should be increased at least tenfold, from 3% (in some universities) to 30% of the hours of classes. Universities in Poland should pursue a more flexible learning programs tailored to the needs of a particular region. An important role is played by specialized training in the field of tourism and hospitality, although they offer is insufficient. Since academic knowledge should be integrated with practical skills, every employee of the tourism industry should undergo specialized training.

Most papers agree that the government and other public institutions, such as national tourism organizations, have a key role to play in the provision of training and in the improvement of tourism-orientated education⁷³.

References

1. Arthur S., Sheffrin S. M., *Economics: Principles in Action*. Upper Saddle River, New Jersey, 2003, In: Pearson Prentice Hall.
2. Ashley C., Boyd C., Goodwin H., *Pro-poor Tourism: Putting Poverty at the least of the Tourism Agenda*, Overseas Development Institute, London, 2000.
3. Brelik A., *Rural Tourism Development in Poland*. Roczniki Naukowe Stowarzyszenia Ekonomistów Rolnictwa i Agrobiznesu., 2009, t. XI, z. 6, ss.17-20.
4. Esu B. B. *Linking human capital management with tourism development and management for economic survival: the Nigeria experience*, International Journal of Business and Social Science, Vol. 3 No. 11; June 2012, pp. 277. In: www.ijbssnet.com data dostępu 15.11.2014.
5. Fleetwood S., *Research report no. 4: Tourism workforce and training*, Tourism Division, Department of Industry, Tourism and Resources, Australian Government, 2002.
6. Gordon E.E, *Human capital. In Business: the ultimate resource*, pp. 137-138, A & C.Black Publisher Ltd., London, 2006.
7. Inyang B. J., Esu B. B., *Human capital dimensions in an emerging tourism Market: The Case of Cross River State, Nigeria*, International Business Management, 2(2), 2008, pp. 33-41.
8. Maxwell G.A., MacRae M. A., MacVicar A., *Great expectations: investors in people in Scottish tourism*, Total Quality Management, 12 (6), 2001, pp. 735-744.
9. McDonald M. L., Hopkin R.O., *The future of hospitality education in Grenada*, International Journal of Contemporary Hospitality Management, 15(30), 2003, pp. 156-160.
10. Niewiadomski P., *Pismo nr L. dz. 581/PIT/2012 Prezesa Polskiej Izby Turystyki*, Polska Izba Turystyki, Warszawa, 2012.
11. Okorji E.C., Okoye C.U., *Investing in human capital. What new guiding values?* A paper presented at the 6th Eastern Zonal conference of the Institute of Personnel Management of Nigeria held at Modetel Hotel, Enugu, 2003.
12. Plummer P., Taylor M., *Entrepreneurship and human capital distilling models of local economic growth to inform policy*. Journal of Small Business Enterprise Development, 11(4), 2004, pp. 427-439.
13. Rey-Maqueira J., Tugores M., Ramos V., *Implications of human capital analysis in tourism*. 2006, p. 379. In: Dwyer L., Forsyth P., International handbook on the economics of tourism, 2006.
14. Smith A., *An inquiry into the nature and causes of the wealth of nations*, Book 2 - *Of the Nature, Accumulation, and Employment of Stock*; 1776.
15. Soh, J. K. M. Ms, *Human Resource Development in the Tourism Sector in Asia*, Perspectives in Asian Leisure and Tourism, Vol. 1: Iss. 1, Article 7, 2008 pp 1-2, In: <http://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1002&context=palat> data dostępu: 15.11.2014.
16. Sprawozdanie z V Ogólnopolskiej Konferencji Naukowej w Szczecinie, *O kadrach w branży turystycznej*, Rynek Turystyczny, 6 (273), 2008, p. 8.
17. Szymańska E., *Oczekiwania rynku turystycznego w zakresie kształcenia kadr*, Economy and Management, 1/2009, pp. 133.
18. Wang J., Ayres H., Huyton J., *Job ready graduate: A tourism perspective*, Journal of Hospitality and Tourism Management, 16, 2009, pp. 62-72.

ROLA KAPITAŁU LUDZKIEGO W SEKTORZE TURYSTYKI - PRZEGLĄD LITARATURY

Streszczenie. Celem niniejszej pracy było zbadanie roli kapitału ludzkiego w sektorze turystyki w Polsce oraz analiza znaczenia kapitału ludzkiego w sektorze turystyki na świecie, w oparciu o dostępne dane literaturowe. W sektorze turystyki pracownicy muszą zmierzyć się z problemem zarządzania zasobami ludzkimi w polskiej branży turystycznej oraz edukacji turystycznej i hotelarskiej w Polsce, które zdają się być niewystarczające. W pracy przedstawiono ramy koncepcyjne, które wykazują związek między zarządzaniem kapitałem ludzkim i rozwojem turystyki. Wytworzenie kapitału ludzkiego wysokiej jakości, wpłynie pozytywnie na rozwój turystyki w Polsce.

Słowa kluczowe: kapitał ludzki, sektor turystyki, literatura.

Summary. The aim of this study was to investigate the role of human capital in the tourism sector in Poland and an analysis of the importance of human capital in the tourism sector in the world, based on available literature data. In the tourism sector workers have to face the problem of human resource management in the Polish tourist industry and the tourism and hospitality education in Poland, which seem to be insufficient. The paper presents a conceptual framework that shows the relationship between human capital management and development of tourism. Production of high-quality human capital, will positively affect the development of tourism in Poland.

Keywords: human capital, tourism sector, literature.

DZIAŁ III

POLSKA

**- UNIA EUROPEJSKA -
SĄSIEDZTWO**

CHAPTER III

POLAND

**- THE EUROPEAN UNION-
NEIGHBOURHOOD**

Dionisio Ramirez Ph.D.⁺
Castilla-La Mancha University (UCLM)

**ANALYSIS OF THE CONVERGENCE OF UNEMPLOYMENT
RATES BETWEEN THE SPANISH REGIONS USING DISPERSION
INDEXES**

Introduction

Unemployment rates vary extremely between countries. However, these disparities at the international level conceal even greater differences between regions within countries. According to several reports, such as those of the European Commission (2002a, 2006) and OECD (2000, 2005), there exists evidence in favor of the persistence of regional gap in unemployment rates in most European countries, especially in Spain, contrasting with the convergence process in unemployment rates between member states⁷⁴.

As can be seen in Table 1, over the course of almost 25 years, between 1976 and 2000 unemployment in Spain rose from 4.4% of the labor force in the mid-seventies to 24.5% in the first quarter of 1994 then falling down to 13.5% in year 2000. In a regional breakdown, along the same period, unemployment rates in Spain were far from homogeneous. While in 2000 the average rate at the national level was near 14%, in regions like Andalucía or Extremadura it exceeded of 22%. By contrast, the rates in the Balearic Islands and Navarra were below 7%.

⁺ Corresponding Author: Dionisio Ramírez Carrera. Faculty of Law and Social Sciences (Facultad de Derecho y Ciencias Sociales), Castilla-La Mancha University (UCLM), Ronda de Toledo s/n, Ciudad Real, Spain, E-mail: dionisio.ramirez@uclm.es, Tel.: +34-926-295-300, Ext. 6659, Fax: +34-926-295-211.

⁷⁴ D. Ramírez, G. Rodríguez, "Have European Unemployment Rates Converged?", *Zeszyty Naukowe WSES w Ostrołęce* 10, 2012, pp. 135-156.

Table 1. Annualized Unemployment Rates (%)

	1977		1980		1985		1990		1995		2000	
Andalucía	11.07	(17)	17.41	(17)	29.68	(17)	25.53	(17)	33.91	(17)	24.30	(17)
Aragón	2.69	(3)	8.62	(7)	17.26	(5)	9.54	(2)	16.06	(3)	7.15	(3)
Asturias	3.77	(7)	8.41	(5)	18.40	(8)	17.49	(13)	20.36	(8)	17.12	(15)
Balearic Is.	4.14	(10)	8.01	(4)	13.80	(2)	10.54	(3)	14.31	(2)	6.35	(2)
Canary Is.	8.62	(16)	12.32	(13)	25.68	(15)	22.98	(15)	23.55	(15)	13.39	(11)
Cantabria	3.52	(5)	7.47	(3)	15.64	(3)	16.77	(12)	22.44	(11)	13.57	(12)
Castilla y León	4.24	(11)	8.45	(6)	18.17	(7)	15.39	(10)	20.88	(10)	13.81	(13)
Castilla-La Mancha	4.52	(12)	10.66	(10)	16.60	(4)	13.09	(8)	20.19	(7)	12.56	(9)
Catalonia	3.83	(8)	12.23	(12)	22.32	(13)	12.54	(7)	19.75	(6)	8.73	(5)
C. Valenciana	3.66	(6)	9.71	(8)	20.80	(10)	14.26	(9)	22.48	(12)	11.52	(7)
Extremadura	8.48	(15)	14.99	(16)	27.00	(16)	24.84	(16)	30.80	(16)	23.77	(16)
Galicia	1.86	(2)	5.01	(1)	12.99	(1)	12.29	(6)	18.05	(5)	14.96	(14)
Madrid	5.24	(14)	12.54	(15)	21.09	(12)	12.23	(5)	20.47	(9)	11.44	(6)
Murcia	5.09	(13)	9.82	(9)	20.51	(11)	15.95	(11)	23.55	(14)	12.70	(10)
Navarra	3.28	(4)	11.87	(11)	18.74	(9)	11.66	(4)	13.14	(1)	5.65	(1)
Basque Country	3.95	(9)	12.38	(14)	23.02	(14)	18.64	(14)	22.54	(13)	12.15	(8)
Rioja, La	1.50	(1)	5.20	(2)	17.48	(6)	8.33	(1)	16.09	(4)	8.07	(4)
Spain	5.19		11.42		21.45		16.24		22.90		13.93	

Values between parentheses represent the order of every region where the unemployment rates are, as sorted from lowest to highest.

Source: Compilation based on National Statistics Institute (INE) Data.

There are several theories that attempt to account for such differences in regional unemployment rates. Traditionally, lack of labor mobility between regions and wage stickiness got support as key factors. However, there are new approaches to the issue. Thirlwall (1966) explains persistent discrepancy between regional unemployment rates, at least in part, through the national rate fluctuations, which have different effects in different regions⁷⁵. Marston (1985) believes that regional differences are the consequence of the existence of different long-term equilibrium

1. ⁷⁵ A. P. Thirlwall, "Regional employment as a cyclical phenomenon, Scottish Journal of Political Economy 13, 1966, pp. 205-219.

rates across regions⁷⁶. Armstrong and Taylor (2000) consider that persistent regional disparities may be the result of different reactions in different regions to exogenous shocks together with non-instantaneous adjustment processes due to social and economic barriers⁷⁷.

In any case, whatever the reasons for these regional differences, Overman and Puga (2002) consider that the disparities may lead to a persistent dispersion in the unemployment rates. Therefore, those rates not only do not converge, but they may even diverge, which could result in some type of polarization⁷⁸.

Empirical works for the unemployment rates of the US, European or Australian regions present mixed results⁷⁹. However, in the case of Spain, previous studies agree in the main conclusions. Thus, López-Bazo et al. (2002) show not only the persistence of the regional differences, but they even point to a slight divergence process⁸⁰. Villaverde and Maza (2002) prove the lack of convergence, although they consider that there is not a regional polarization⁸¹. Using a time series approach, Avilés et al. (1997)⁸², Alonso and Izquierdo (1999)⁸³ and Moral de Blas (2004)⁸⁴ clearly conclude that most of the regional unemployment rates diverge.

⁷⁶ S. T. Marston, “Two views of the geographic distribution of unemployment”, *Quarterly Journal of Economics* 100, 1985, pp. 57-79.

⁷⁷ H. Armstrong, J. Taylor, *Regional economics and policy*, 3rd edn, Blackwell Publishers, USA 2000..

⁷⁸ H. Overman, D. Puga, “Unemployment clusters across Europe’s regions and countries”, *Economic Policy* 34, 2002, pp. 115-147.

⁷⁹ See Amrstrong and Taylor (2000), Baddeley *et al.* (2000), Bayer and Juessen (2007), Blanchard and Katz (1992), Dixon *et al.* (2001), Elhorst (2003), Groenewold (1997), Llorente (2005), Loewy and Papell (1996), Martin (1997), Overman and Puga (2002), Pekkonen and Tervo (1998) or Taylor and Bradley (1997).

⁸⁰ E. López-Bazo, T. Barrio, M. Artís, “La distribución provincial del desempleo en España”, *Papeles de Economía Española* 93, 2002, pp. 195-208.

⁸¹ J. Villaverde, A. Maza, “Salarios y desempleo en las regiones españolas”, *Papeles de Economía Española* 93, 2002, pp. 182-194.

⁸² A. Avilés, C. Gámez, J. L. Torres, J. L. “La convergencia real de Andalucía: Un análisis de cointegración del mercado de trabajo”, *Estudios Regionales* 47, 1997, pp. 15-36.

⁸³ J. Alonso, M. Izquierdo, “Disparidades regionales en el empleo y el desempleo”, *Papeles de Economía Española* 80, 1999, pp. 79-99.

In our analysis, we have applied the dispersion indexes used in the study of the sigma convergence to detect whether there has been convergence in the Spanish rates. Thus, Section 2 describes database and concepts of two dispersion indexes. Section 3 presents and discusses the results. Finally, Section 4 shows some conclusions.

Data and methodology

We have get the unemployment rates from the Spanish Labor Force Survey (LFS) for seventeen regions: Andalucía, Aragon, Asturias, the Balearic Islands, the Canary Islands, Cantabria, Castilla and Leon, Castilla-La Mancha, Catalonia, Comunidad Valenciana, Extremadura, Galicia, Madrid, Murcia, Navarra, the Basque Country, La Rioja and the national average (Spain). Thus, the convergence analysis is performed on a sample of eighteen time series.

Although the periodicity of the data is quarterly, we prefer annualized unemployment rates in order to smooth fluctuations, as recommended by Raymond (1995) and Cuadrado (1998)⁸⁵. The sample period goes from 1976 to 2000 to avoid the changes in the methodology and the unemployment definitions of the LFS introduced in 2001.

In order to develop our convergence analysis, we use a simple statistical tool called “*dispersion index*”. Firstly, we define the Absolute Dispersion Index (IDA) just like the standard deviation of the difference between the unemployment rate in each region ($u_{i,t}$) and the national average ($u_{esp,t}$):

⁸⁴ A. Moral de Blas. “*Convergencia de las tasas de paro regionales en España: un análisis de cointegración*”, *Cuadernos de economía: Spanish Journal of Economics and Finance*, Vol. 27, nº. 74, 2004, pp. 33-50.

⁸⁵ J. L.. Raymond Bara, “*Análisis del ciclo económico*”, *Papeles de Economía Española* 62, 1995, pp. 2-35.

J. R. Cuadrado Roura, *Convergencia regional en España. Hechos tendencias y perspectivas*, Fundación Argentaria Publishing, Madrid 1998..

$$IDA_t = \sqrt{\frac{\sum_{i=1}^n (u_{i,t} - u_{esp,t})^2}{n}} \quad (1)$$

being n the number of regions, which in this case is 17.

Nevertheless, Alonso and Izquierdo (1999)⁸⁶ point out that the IDA presents some misleading results when the aggregate average, in this case ($u_{esp,t}$), endures a high increase in a short period of time, which is true in the case of the Spanish Unemployment Rate. In these cases, it is necessary to calculate the Relative Dispersion Index (IDR).

Although there are several ways to estimate the IDR, we apply the definition used by Martin (1997)⁸⁷. So that, the differences between the regional unemployment rate in each region ($u_{i,t}$) and the national average ($u_{esp,t}$) are relativized with respect to such an average ($u_{esp,t}$):

$$IDR_t = \sqrt{\frac{\left(\frac{\sum_{i=1}^n u_{i,t} - u_{esp,t}}{u_{esp,t}} \right)^2}{n}} \quad (2)$$

being n , again, the number of regions.

Empirical results

⁸⁶J. Alonso, M. Izquierdo, “Disparidades regionales en el empleo y el desempleo”, Papeles de Economía Española 80,1999, pp. 79-99.

⁸⁷ R. Martin, R. “Regional unemployment disparities and their dynamics”, Regional Studies 31(3),1997, pp. 237-252.

As can be seen in Figure 1, from the study of the IDA and the IDR we can get some interesting results.

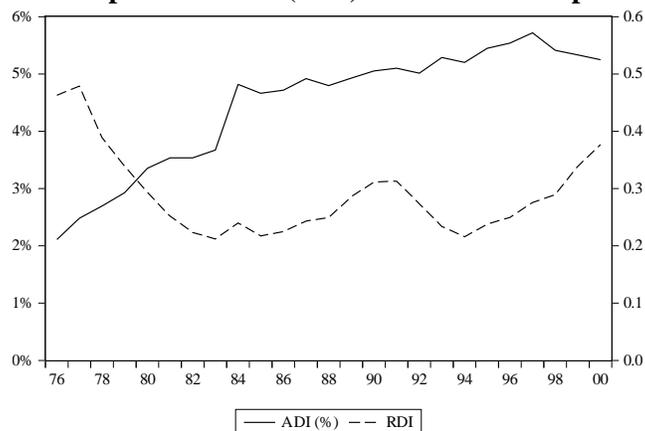
According to the ADI, the index increases for the whole period as much as 148%, which we interpret as a clear divergence process in the regional Spanish unemployment rates. It is worth noting the sharp increase of the index in 1984, year of the first labor reform, which introduced the temporary labor contracts in the country. Nevertheless, we observe a slight decrease (-8.22%) from 1997 to 2000, which implies a reduction in the regional divergence of regional unemployment rates, perhaps as an effect of economic growth.

However, when we observe the values of the RDI, we get some additional conclusions. In general terms, there has been 18.58% reduction in the RDI but also the index has followed a cyclical pattern. During recession periods, that is, from 1977 to 1985 and from 1991 to 1994, the Relative Index decreased. In contrast, in economic growth phases (from 1986 to 1990 and from 1995 to 2000) the index starts to increase.

This result is compatible with the conclusion of Gleave (1987)⁸⁸ who considers that the relative dispersion between unemployment rates decreases in crisis while increases in booms. It may be due to different behaviors of the regional unemployment rates. In economic expansions, some regional unemployment rates reduce faster than the national rate and, in economic recessions, some regional rates increase faster than the rest of regions. This can only indicate that there is a group of regions with regional labor markets more sensitives to changing circumstances.

⁸⁸ I. R., Gleave, “*Dynamics in spatial variations in unemployment*”, in Fischer, M. M. and Nijkamp (Eds.): *Regional Labour Markets*, North-Holland, 1987, pp. 269-288.

Figure 1. Absolute Dispersion Index (ADI) and Relative Dispersion Index (RDI)



Source: Own preparation.

According to Ramirez and Rodriguez (2011), during the period analyzed, five regional unemployment rates showed a different behavior⁸⁹. Thus, a process of divergence would have occurred in the unemployment rate of Andalucía, Aragón, Balearic Islands, Cataluña and Extremadura with respect to the national average⁹⁰.

If we calculate again such indexes, excluding those five regions with a clear different behavior, we see in Table 2 that the values of the absolute and relative dispersion indexes without the divergence regions (ADI-wDR and RDI-wDR) are lower than the same indexes including all regions (IDA and IDR).

In addition to this, we can see in Figure 2 important differences in the behavior of the new indexes. The growth of the ADI-wDR stops and the index remains steady around the 4% range from 1984 to 1993 in contrast with the ADI, which goes on

⁸⁹ D. Ramírez, G. Rodríguez, G. "Have European Unemployment Rates Converged?", *Zeszyty Naukowe WSES w Ostrołęce* 10, 2012, pp. 135-156.

⁹⁰ We obtain this result following the time series approach of Carlino and Mills (1993). Thus, conditional convergence is occurring when stochastic convergence and β -convergence exist. The former can be easily supported by the use of unit root tests. The latter is tested using the methodology of Tomljanovich and Vogelsang (2002), which consists in the new econometric tools suggested by Vogelsang (1997, 1998) and Bunzel (1998). These techniques allow the researcher to estimate the parameters related to the trend function of the time series. The most important feature of these econometric tools is that the statistics are robust to the presence of a unit root in the noise function of the time series.

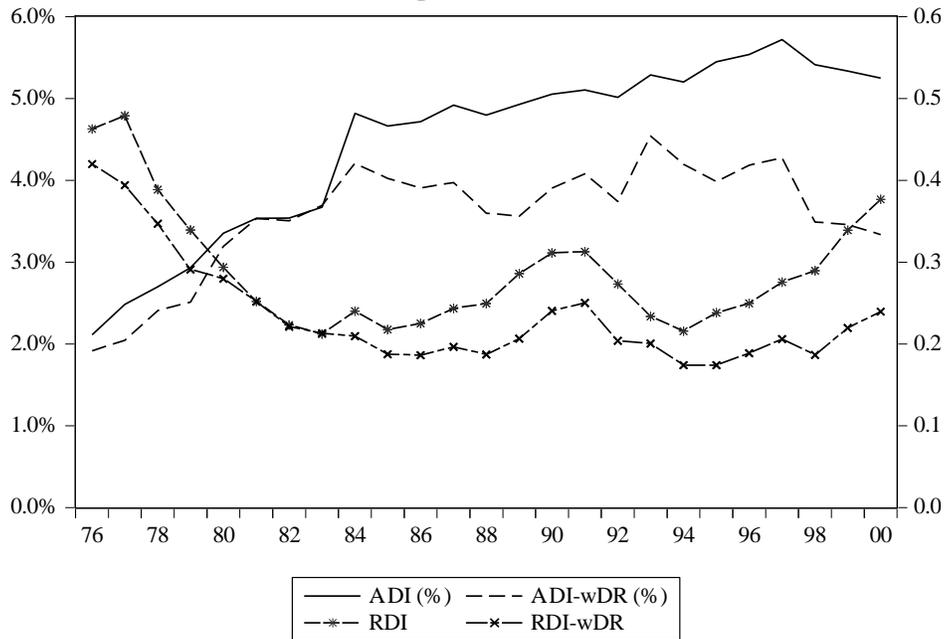
increasing. One possible explanation is that temporary contracts had different effects on the regional unemployment rates. Since then, the dispersion of the ADI-wDR decreases by -26.53%, which indicates that the regional unemployment rates in Spain tend to converge to the national average. The different evolution of the two types of Absolute Indexes can mean that the behavior of the remaining twelve regions is more homogenous during the economic recovery.

Table 2. Dispersion Indexes and Dispersion Indexes without Divergence Regions (wDR)

	ADI (%)	ADI-wDR (%)		RDI	RDI-wDR
1976	2.11	1.92		0.46	0.42
1977	2.48	2.04		0.48	0.39
1978	2.70	2.41		0.39	0.35
1979	2.93	2.51		0.34	0.29
1980	3.35	3.19		0.29	0.28
1981	3.53	3.53		0.25	0.25
1982	3.54	3.50		0.22	0.22
1983	3.67	3.69		0.21	0.21
1984	4.82	4.20		0.24	0.21
1985	4.66	4.02		0.22	0.19
1986	4.72	3.90		0.22	0.19
1987	4.92	3.97		0.24	0.20
1988	4.80	3.60		0.25	0.19
1989	4.93	3.56		0.29	0.21
1990	5.05	3.90		0.31	0.24
1991	5.10	4.08		0.31	0.25
1992	5.01	3.74		0.27	0.20
1993	5.29	4.54		0.23	0.20
1994	5.20	4.20		0.22	0.17
1995	5.45	3.98		0.24	0.17
1996	5.54	4.18		0.25	0.19
1997	5.72	4.27		0.28	0.21
1998	5.41	3.49		0.29	0.19
1999	5.33	3.46		0.34	0.22
2000	5.25	3.33		0.38	0.24

Source: Own Results

Figure 2. Dispersion Indexes and Dispersion Indexes without Divergence Regions (wDR)



Source: Own preparation.

The RDI-wDR shows a similar cyclical pattern to the RDI but the amplitude of the fluctuations are quite smaller. From 1976 to 1983, the RDI decreases by -54.19% while the RDI-wDR decreases by -49.25%; and since 1983 to 2000, the standard deviation of the RDI-wDR is 51.79% smaller. Finally, the increase of the RDI-wDR is 49.69% lower than the RDI during the economic recovery of the nineties. In my opinion, these results confirm the appraisals obtained from the Absolute Index analysis.

Conclusions

Based on the two aggregate indicators, ADI and RDI, we can say that in the last twenty-five years of the 20th Century, there was not a significant reduction in the gap between Spanish regional unemployment rates.

However, this lack of convergence is likely concealing different behaviors in the individual rates of regions vis-à-vis the national average. Andalucía, Aragón, the Balearic Islands, Catalonia and Extremadura, according to previous works, show a non-convergence process with the national average unemployment rate.

Once we calculate the same dispersion indexes without those regions (ADI-wDR and RDI-wDR), we can conclude that, since 1984, the remaining regional unemployment rates tends to converge towards the national average and the amplitude of the fluctuations are much smaller, although the cyclical pattern persists.

REFERENCES:

1. Alonso, J., Izquierdo, M. (1999): "Disparidades regionales en el empleo y el desempleo", *Papeles de Economía Española* 80, pp. 79-99.
2. Armstrong, H., Taylor, J. (2000): *Regional economics and policy*, 3rd. edn, Blackwell Publishers, USA.
3. Avilés, A., Gámez, C., Torres, J. L. (1997): "La convergencia real de Andalucía: Un análisis de cointegración del mercado de trabajo", *Estudios Regionales* 47, pp. 15-36.
4. Baddeley, M., Martin, R., Tyler, P. (2000): "Regional wage rigidity: The European Union and United States compared", *Journal of Regional Sciences* 40(1), pp. 115-142.
5. Bayer, C., Juessen, F. (2007): "Convergence in West German regional unemployment rates", *German Economic Review* 8(4), pp. 510-535.
6. Blanchard, O. J., Katz, L. (1992): "Regional evolution", *Brooking Paper on Economic Activity* 1, pp. 1-75.
7. Bunzel (1998): "Robust inference in models of cointegration", *Center of Analytical Economics Working Paper No. 98-13*, Cornell University.
8. Carlino, G. A., Mills, L. O. (1993): "Are US regional incomes converging?: A time series analysis", *Journal of Monetary Economics* 32, n° 2, pp. 335-346.
9. Cuadrado Roura, J. R. (1998): *Convergencia regional en España. Hechos tendencias y perspectivas*, Fundación Argentaria Publishing, Madrid.
10. Dixon, R., Shepherd, D., Thomson, J. (2001): "Regional unemployment disparities in Australia", *Regional Studies* 35, pp. 93-102.
11. Elhorst, J.P. (2003): "The mystery of regional unemployment differentials: Theoretical and empirical explanations", *Journal of Economic Surveys* 17(5), pp. 709-748.
12. European Commission (2002a): "Employment in Europe 2002", *Technical Report*, European Commission, Brussels.

13. European Commission (2006): "Employment in Europe 2006", *Technical Report*, European Commission, Brussels.
14. Gleave, I. R. (1987): "Dynamics in spatial variations in unemployment", in Fischer, M. M. and Nijkamp (Eds.): *Regional Labour Markets*, North-Holland, pp. 269-288.
15. Groenewold, N. (1997): "Does migration equalise regional unemployment rates? Evidence from Australia", *Papers in Regional Science* 76, pp. 1-20.
16. Llorente Heras, R. (2005): "La convergencia entre las tasas de desempleo europeas", *Revista de Economía Laboral* 2, pp. 1-30.
17. Loewy, M. B., Papell, D. H. (1996): "Are U.S. regional incomes converging? Some further evidence", *Journal of Monetary Economics* 38, pp. 587-598.
18. López-Bazo E., Barrio, T., Artís, M. (2002): "La distribución provincial del desempleo en España", *Papeles de Economía Española* 93, pp. 195-208.
19. Marston, S. T. (1985): "Two views of the geographic distribution of unemployment", *Quarterly Journal of Economics* 100, pp. 57-79.
20. Martin, R. (1997): "Regional unemployment disparities and their dynamics", *Regional Studies* 31(3), pp. 237-252.
21. Moral de Blas, A. (2004): "Convergencia de las tasas de paro regionales en España: un análisis de cointegración", *Cuadernos de economía: Spanish Journal of Economics and Finance*, Vol. 27, nº. 74, pp. 33-50.
22. OECD (2000): "Disparities in regional labour markets", in *Employment Outlook 2000*, OCDE, Paris, pp. 31-78.
23. OECD (2005): "How persistent are regional disparities in employment? The role of geographic mobility", in *Employment Outlook 2005*, OCDE, Paris, pp. 73-123.
24. Overman, H., Puga, D. (2002): "Unemployment clusters across Europe's regions and countries", *Economic Policy* 34, pp. 115-147.
25. Pehkonen, J., Tervo, H. (1998): "Persistence and turnover in regional unemployment disparities", *Regional Studies* 32(5), pp. 445-458.
26. Ramírez, D., Rodríguez, G. (2011): *Comportamiento de las tasas de desempleo regionales en España*, Editorial Académica Española, LAP LAMBERT Academic Publishing GmbH & Co. KG, Germany.
27. Ramírez, D., Rodríguez, G. (2012): "Have European Unemployment Rates Converged?", *Zeszyty Naukowe* 10, pp. 135-156.
28. Raymond Bara, J. L. (1995): "Análisis del ciclo económico", *Papeles de Economía Española* 62, pp. 2-35.
29. Taylor, J., Bradley, S. (1997): "Unemployment in Europe: A comparative analysis of regional disparities in Germany, Italy and the UK", *Kyklos* 50, pp. 221-245.
30. Thirlwall, A. P. (1966): "Regional employment as a cyclical phenomenon", *Scottish Journal of Political Economy* 13, pp. 205-219.
31. Tomljanovich, M., Vogelsang, T. J. (2002): "Are U.S. regions converging? Using new econometric methods to examine old issues", *Empirical Economics* 27(1), pp. 49-62.
32. Villaverde, J., Maza, A. (2002): "Salarios y desempleo en las regiones españolas", *Papeles de Economía Española* 93, pp. 182-194.
33. Vogelsang, T. J. (1997): "Testing for a shift in trend when serial correlation is of unknown form", *CAE Working Paper No. 97-11*, Cornell University.
34. Vogelsang, T. J. (1998): "Trend function hypothesis testing in the presence of serial correlations", *Econometrica* 66(1), pp. 123-148.

ANALIZA KONWERCENCJI STÓP BEZROBOCIA MIĘDZY HISZPAŃSKIMI REGIONAMI Z WYKORZYSTANIEM WSKAŹNIKÓW DYSPERSJI

Summary

The behaviour of the regional unemployment rates in Spain is analysed from 1976 to 2000 using Absolute and Relative Dispersion Indexes. The results show a lack of convergence in the regional rates and a cyclical pattern depending on the different evolution of such regional rates in booms and slumps. Once we distinguish the individual behavior of each regional rate compared to the national average and re-calculate the Dispersion Indexes taking into account the non-convergence regions, we see that from 1984 there is an important change in the evolution of the Absolute Dispersion Index and the amplitude of the fluctuations of the Relative Dispersion Index are smaller.

Keywords: Regional unemployment rate, Convergence analysis, Standard deviation.

Streszczenie

Zachowanie regionalnych stóp bezrobocia w Hiszpanii jest analizowany od 1976 do 2000 za pomocą bezwzględnych i względnych indeksów rozpraszające. Wyniki wskazują na brak zbieżności stóp regionalnych i cyklicznych wahań w zależności od różnych ewolucji regionalnych stóp i kryzysów. Można wyróżnić indywidualne zachowanie każdej stawki regionalnej w porównaniu do średniej krajowej i ponownie obliczyć indeksy dyspersyjne z uwzględnieniem regionów. Widzimy, że od 1984 nie jest istotna zmiana w ewolucji absolutnej dyspersji. Główne amplitudy wahań indeksu dyspersji względnej są mniejsze.

Słowa kluczowe: regionalna stopa bezrobocia, analiza wariancji, odchylenie standardowe