

The Karol Adamiecki University of Economics
in Katowice

Volume 1

2004

Journal of

**Economics &
Management**

Kornelia Karcz

Zofia Kędzior

**BEHAVIOUR OF MARKET ENTITIES
IN POLAND AND THE PROCESS
OF EUROPEAN INTEGRATION**

Economic integration of Poland with the European Union may be understood as a process of integration of the Polish socio-economic system with the EU systems preceded by the legislative works adaptive in character, and the negotiations done by the State Administration (legislative and executive powers) aiming at fulfilling conditions of the Union accession. In that way macroeconomic conditions for integration are created. These constitute a proper basis for integration at the macroeconomic level. Therefore, stimuli and actions applied at the macroeconomic level create the necessary but not sufficient conditions for integration. It is the processes occurring at the microeconomic level that constitute its basis. These consist in wide-ranging transformations and adaptations of elements in the process of mutual integration in the structure. This is why these transformations also concern companies functioning under new conditions.

It is a general opinion that integration concerns only companies and that the scale, the efficiency and the range of this process will depend on the directions and speed, at which companies will react to the new signals streaming from the macro-environment. The role of consumers as market entities in the process of integration is, however, omitted in the research analyses. Yet, the relationship of these entities with the integration processes proves to be multidimensional.

In the paper we present the main results of the research whose subject were present and future behaviour of market entities (consumers and companies) related to the integration of Poland with the European Union. The research project entitled "Behaviour of market entities in Poland and the process of European integration – relationships, regularities and international comparisons" financed by Komitet Badań Naukowych (State Committee for Scientific Research) was published in 2001¹.

The aim of direct research realised within the scope of the project was to identify:

- visible and foreseen changes accompanying processes of integration and attitudes towards these changes,
- sources of information regarding the processes accompanying integration,
- factors perceived as opportunities and threats,
- market and consumption behaviour related to the processes of integration.

We present a thesis that consumers and companies, both during the pre-accession period and at the time Poland becomes a member of the European Union, will encounter the phenomena they have been so far unfamiliar with. These phenomena will enforce change of consumers and companies' habits on

¹ Ed. K. Karcz, Z. Kędzior: *Zachowania podmiotów rynkowych w Polsce a proces integracji europejskiej – relacje, prawidłowości, porównania międzynarodowe*. CBiE AE, Katowice 2001, ISBN 83-912732-7-X.

the market. The way, in which they recognise these signals and their reaction, will be of crucial importance for the process of integration.

This way of reasoning and research places the project within the wide confines of issues related to the notion of globalisation. Globalisation of various social, political and economic elements is one of the main mega trends in the open world economy. In literature we can find several principal works devoted to globalisation process (both macroeconomic and microeconomic). The research developed so far allowed for a closer recognition of the part of globalisation processes concerning diffusion of the ways, in which needs are satisfied, transnational consumption patterns and strategies for company functioning. In that scope companies and consumers are referred to as entities whose behaviour is displayed on a particular continuum axis ranging from ethnocentrism to globalisation.

In addition, an attempt was made to define and present the dimensions of the notion of 'Euroenthusiast', to estimate its scope and analyse the features of this segment in Poland. In that way the pattern-creating segment of consumers and managers globally oriented was identified. Their behaviour can be treated as an indicator of changes in behaviour of other groups.

The quantitative research was carried out with the use of direct interview method applied to the all-Polish sample of 803 adult Polish citizens and 200 production, trade and service companies acting on the market of goods and services addressed to an individual consumer. Urban consumers constituted the target group of consumers covered with the research.

Polish consumers on the verge of European enlargement.

At the beginning of the research a decision was made to select a segment of consumers, who, with greater probability than the rest, may benefit in the future from the integration process. This means consumers who are better educated, younger, professionally engaged or prepared to take up the first job. Hence, the sample is not representative of the total population of Poland. As much as 40% of respondents were at the age of 19-29 years, and a further 23,3% – at the age of 30-39 years. The average age of a respondent in the sample is 35 years. Almost 70% of the respondents are professionally engaged. Every fourth respondent has a tertiary education degree, and 60% of respondents – secondary education.

According to the research assumptions and hypotheses formulated earlier, the companies under analysis were also those operating on the market of consumer goods and in the area of trade and services addressed to individual consumer. 94 of the companies from the sample represented a production profile (47,4%), 62 are trade companies (31,5%) and 41 are companies and institutions

offering banking and insurance services (20,8%). As a result more than half of the sample are companies operating in the service sector particularly sensitive to the signals coming from the international environment. These companies are already subject to competition from companies operating on the Single European Market.

Most of individuals (47,1%) are of opinion that Poland should try to access the European Union, but without special haste. 37,5% of respondents are for Poland's soonest possible accession to the EU and at the same time 84,4% of respondent's favour Poland's accession to the EU. More than 15% of respondents express hesitation and do not support Poland's accession to the EU.

There are most Euroenthusiasts among the people having a higher education degree. More than 50% of people having a higher education degree incline towards the soonest possible accession of Poland to the Union structures. More than 91% of the respondents having a higher education degree support Poland's accession to the EU regardless the date.

Consumers notice the positive influence of integration in the following areas of social-economic life:

- condition of natural environment (73,5% of responses),
- attitude of Poles towards work (54,5% responses),
- law observance in Poland (54,2% responses),
- standard of living (41,1% responses),
- situation of Polish private companies (31,3% responses).

Respondents perceive the negative impact of integration in the following areas:

- functioning of Polish state companies (37,9% responses),
- situation of Polish private companies (34,2% responses).

In the opinion of every third consumer, integration will positively affect (or will not affect at all) the financial situation of his/her household.

In the opinion of respondents, in the following areas the situation will improve due to Poland's membership in the EU:

- contacts abroad (89,6% responses),
- market supply (79,3% responses),
- communications (78,8% responses),
- protection of consumer rights and interests (65,5% responses),
- education (62,8% responses),
- security (51,0% responses).

Furthermore, in the opinion of respondents, Poland's membership in the EU will incur worsening of situation in the following areas:

- labour market (24,4% responses),
- social life (16,6% responses),
- country's economic situation (15,1% responses).

Direct research allows to identify among the urban consumers a segment of the so-called Euroenthusiasts. While analysing the socio-demographic profile of the respondents, one may characterise Euroenthusiasts as most of the time men, people from 30 to 49 years old, of higher education and working. Euroenthusiasts are characterised by the fact that they more often than others declare their budget sufficient to satisfy their needs and that they save money for the future. Most respondents of this group do not spend holiday at home. They go on holiday in Poland or abroad. On account of this data one may draw a conclusion that Euroenthusiasts are the consumers of higher purchasing power and richer than others.

Modernity features characteristic of this segment can be identified while analysing the market behaviour of these consumers. A new product brings about positive reactions more often among consumers-Euroenthusiasts than it does among other groups. When Euroenthusiasts are compared with other consumers with reference to the pro-ecological behaviour, there are, however, no significant differences visible. Euroenthusiasts more often than others do shopping on Sunday and on holiday, more often pay with the use of credit card and also more often make use of new forms of shopping (e.g. Internet or mail sale). This is why, the following thesis may be put forward: Euroenthusiasts are consumers revealing an innovative attitude towards the ways and means of consumption need satisfaction.

Euroenthusiasts are people in active search of information regarding the European Union. For this purpose they most often use television and press. Euroenthusiasts more often than others present positive opinions and attitudes with reference to the influence the integration process of Poland and EU exerts upon various areas of socio-economic life. Euroenthusiasts perceive the influence of the integration on the natural environment, on the attitude of Poles towards work and on the law observance in Poland as definitely positive. They more often foresee improvement of market supply and economic situation in the country together with a better foreign co-operation and communications.

Consumers-Euroenthusiasts are afraid of the negative influence the process of integration will exert on functioning of Polish companies and of the disadvantageous changes it will incur on the labour market, and thus on the level of

social life. The behaviour of a separated segment of Euroenthusiasts identified as consumers globally oriented can be considered an indicator of the direction of changes other groups of consumers will follow in view of integration with the European Union.

Managers' attitudes towards European integration and the organisational market behaviour.

The research revealed also positive attitudes of managers and company owners acting on the market of consumer goods and services towards the integration with the European Union. As many as 43% of respondents expressed an opinion that Poland should try to join the European Union as soon as possible, 44,5% respondents, not having any doubts regarding the necessity of the effort involved in accession, think that Poland should do it but without haste. Despite differences in the estimation of the speed and intensity of negotiations and adaptations, one can assume that almost 90% of Polish managers do not have any doubts that Poland will inevitably join the European Union. Only 8% of respondents claimed that Poland should not take any effort to join the European Union, whereas 4,5% do not have any opinion on this issue.

Despite the declarations of managers that could be understood as positive attitudes to the concept of the European integration, few managers consider Polish companies to be successful competitors already on the present market of the European Union. In the opinion of 45,2% of respondents only some Polish companies could fulfil the conditions of the competitive Union market. Every fourth manager is convinced that there are only few such companies, whereas every fifth is certain that Polish companies are still not ready to be competitive on the EU market. Only 8,5% of respondents believe that most companies are ready to fight against foreign competitors.

The results acquired in the research confirmed that more managers perceive Poland's accession to the European Union as an opportunity rather than a threat for the development of their own company. As many as 39,5% of respondents consider the membership of Poland in the EU as an opportunity for development (including 9% defining it as a real opportunity for development) and 22% as threat (including only 4% considering this threat real) (table 1).

Table 1

General appraisal of the influence of Poland's accession to the European Union
on the change of company environment (in %)

Specification	Total sample	Companies regarding the market range		Companies regarding the type of activity	
		foreign	domestic	production	trade – services
Real opportunity	9,0	13,8	5,8	7,4	9,7
Opportunity	30,5	32,5	29,2	34,0	26,2
Neither opportunity nor threat	38,5	36,3	40,0	34,0	43,7
Threat	18,0	15,0	20,0	19,1	17,5
Real threat	4,0	2,5	5,0	5,3	2,9

Source: own research.

Company managers also judged the positive and negative effects of the Poland's accession to the European Union. While doing so, they took into consideration the effects relevant for their companies and not for the economy as a whole. In that way, in the environment they were to 'specify' the factors that will influence the actions of the companies they manage. Therefore, the negative effects and the positive ones caused by Poland's accession to the European Union can be identified respectively as (anticipated) threats and opportunities for companies.

Therefore, the following thesis may be put forward: most Polish managers are afraid of the changes occurring on the part of supply. In their own market activity they represent the so-called position towards the competitors. They consider the changes on the part of demand neither probable nor dangerous. Moreover, there seems to be less fear for the change of macroeconomic in character tools that result from the agreed economy policy of the countries undergoing integration (taxes, percentage rates, and so on).

Managers expect that the Poland's accession to the European Union will also incur positive effects for their companies. Most managers perceive the possibility of more access, than so far, to modern technologies, the increase of stability of legislation and the adjustment of legislation to the requirements of the European Union as opportunities of most significance (table 2).

Open market signifies for most managers some convenience on the part of European Union companies in their acting on the Polish market, and thus a significant deterioration of the competitive position of the Polish companies. Poland's accession to the European Union is, however, perceived to be an enormous opportunity for the access to the single internal market of the European Union.

Table 2

Opportunities resulting from Poland's accession to the European Union (in %)

Specification	Total sample	Companies regarding the market range		Companies regarding the type of activity	
		foreign	domestic	production	trade – services
More access to modern technology	60,6	59,5	61,4	64,0	57,4
Increase of legislation stability	53,4	54,4	52,6	50,6	57,4
Law adjustment to the EU requirements	40,4	40,5	40,4	38,2	42,6
Better access to the market information	31,1	30,4	31,6	33,7	27,7
Decreasing customs duties	28,5	29,1	28,1	34,8	21,8
Stabilisation of Polish zloty	22,8	20,3	24,6	16,9	27,7
Increase in ecological awareness of Polish consumers	20,7	21,5	20,2	19,1	20,8
Stimulation of privatisation process	17,6	16,5	18,4	21,3	13,9
Income increase of real and potential customers	16,1	17,7	14,9	15,7	16,8
Change of lifestyle	15,0	16,5	14,0	15,7	14,9
Decrease in percentage rates	13,0	15,2	11,4	9,0	16,8
Levelling of prices of products and services on the domestic market and the markets of other EU members	12,5	17,5	9,2	12,8	11,7
Possibilities of occurrence of competitor's partnerships, creation of value chains, strategic coalitions, and so on	12,0	17,5	8,3	16,0	7,8
Increase in demand for offered products and services	11,9	13,9	10,5	14,6	9,9
Favourable economic situation	6,2	7,6	5,3	7,9	5,0

Source: own research.

The possibility of crossing of the barrier of demand of its own market is not seen as a potential opportunity. It is a regular approach of managers to seek opportunities only within the present area of their activity. In addition, they do not expect a favourable economic situation to come to existence because of Poland's accession to the European Union. It is also surprising that there are no differences visible in the opinions regarding the opportunities bound with the process of integration between the managers whose companies are active on the international market and the ones focusing their activity only on the domestic market. This may be due to a relatively little importance of foreign turnover in the whole turnover of the analysed companies.

In view of the results obtained in the research, one may assume that more and more Polish companies are already engaged or are going to engage in the process of internationalisation in the nearest future. This is noticeable both in case of passive forms, i.e. the co-operation with foreign partners in Poland, and active ones (export, joint venture, and so on). Both forms should be evaluated in the light of their positive influence on the development of companies and the whole economy. One may, however, expect a change in this proportion in favour of more active engagement of Polish companies abroad that in turn would constitute the basis for development of more advanced forms of marketing activity. Undoubtedly, not only the lack of capital, but also of knowledge and experience in independent business running on international markets stand in the way to acquire this level of development. Moreover, Polish companies neither create favourable business relationships with foreign companies nor use the opportunity accompanying the transfer of resources and abilities within the confines of strategic alliances. Companies run by managers enthusiastic about Poland's accession to the European Union are a positive exception here.

The group of managers-Euroenthusiasts is not big (only 17% of respondents). The analysis of managers' opinions and behaviour of the companies they run make one present a thesis that these companies can be considered leaders and at the same time beneficiaries of the process of integration at the macroeconomic level. There is some feedback between the attitudes of managers and the behaviour of companies. The enthusiastic approach of managers towards the Poland's accession to the European Union is revealed in the more open attitude to the integration process and in the strategic decisions they take. These facilitate taking advantage of opportunities accompanying the actions taken within the frames of the open market.

Individual attitudes of managers transformed in the decision-making process into the decisions taken at the tactical and strategic level exert influence on the noticeable indicators of behaviour of companies as organisations. On the

other hand, a better level of preparation of the companies run by these managers to the activity on the European Union market, which Poland will constitute a part of, may exert influence on their positive attitudes towards the process of economic integration. For these companies the balance of potential opportunities and threats the Poland's accession to the European Union will incur proves positive.

Euroenthusiasts represent mostly the companies already acting on the international market. These are most often bigger companies, with mixed capital and generally in a better financial situation than the ones taken as a sample. As many as 62% of Euroenthusiasts judge the financial situation of their company to be very good or good. There are more companies in this segment that have marketing departments. Half of the companies run by managers-Euroenthusiasts are already active on the international markets. Every third company has already started activity on the EU market. Among those that have not done it so far, more than 30% are going to start up such an activity till the year 2002. Almost one half of the companies have also made an attempt to create the basis for co-operation with the partners from the EU member countries. Most managers-Euroenthusiasts are in favour of the fastest possible Poland's accession to the European Union (not later than till the year 2004) and consider their companies prepared to be competitive on the Internal Union Market. At the same time all Euroenthusiasts believe that Poland's accession to the EU will prove an opportunity of development for their companies. Furthermore, in their opinion there are no serious problems in adaptation of companies to the requirements of the EU market.

Differences in approach to the competitiveness of the companies run by Euroenthusiasts and other managers are important. Companies that can be considered leaders of changes find co-operation, creation of strategic alliances and joint ventures directed at domestic and foreign market more significant. Therefore, they choose a strategy of either co-operation with the Union partners or the imitation of their activities (benchmarking). This strategy seems realistic in view of the market conditions. However, the companies run by the managers of more sceptical approach towards the Poland's accession to the European Union choose or are going to choose in the future the competitive strategies aiming at defending their position on the domestic market. For managers avoidance of a direct contact and serious competition on the Polish market seems impossible.

With reference to the acquisition of a competitive position on the market, Euroenthusiasts prefer more modern solutions. They notice that Poland's accession to the EU gives an opportunity of establishing long-lasting partnerships

with the European Union companies and they are preparing themselves for starting such a co-operation.

In a similar way to the process of economic integration, also the processes accompanying the adaptation of Poland to the requirements of the European Union are clearly noticed as new conditions of actions taken by the Polish consumers and companies. During the pre-accession period changes in the behaviour of market entities and their common relationships can be observed. The range of these changes differs for various segments of consumers and companies. Positive attitudes towards the process of integration are transferred into the more intensive changes in behaviour of market entities.