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**Conference Paper**

## Rural Clusters in the Lublin Region (Eastern Poland)- Good Solutions for a Young Democracy

43rd Congress of the European Regional Science Association: "Peripheries, Centres, and Spatial Development in the New Europe", 27th - 30th August 2003, Jyväskylä, Finland

**Provided in Cooperation with:**

European Regional Science Association (ERSA)

*Suggested Citation:* Szymoniuk, Barbara (2003) : Rural Clusters in the Lublin Region (Eastern Poland)- Good Solutions for a Young Democracy, 43rd Congress of the European Regional Science Association: "Peripheries, Centres, and Spatial Development in the New Europe", 27th - 30th August 2003, Jyväskylä, Finland, European Regional Science Association (ERSA), Louvain-la-Neuve

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**Rural Clusters in the Lublin Region (Eastern Poland) -  
Good Solutions for a Young Democracy**

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**Abstract**

Once Poland joins the European Union, competition in all sectors of economy, especially in the sector of agriculture, will greatly intensify within the wider and more demanding market. It will then be necessary to compete by aggressive marketing techniques - both internationally and domestically. But the present level of competitiveness of Polish agriculture, which is based on small farms and backward compared to other European countries, is low. One of the means of improving this situation is integration of small farms. Worldwide evidence from the last few years shows that forming of local networks is an occasion to make connections among farms, small business and service, educational and self-governmental institutions, which is vital to improved effectiveness and innovativeness. It enables farmers to achieve extra profits and get a bigger market share, incorporating innovations in the field of production, services management and creating new local job opportunities. Such a local network of firms and institutions is called “a cluster” or “a local productive system”.

Although “clustering” as a concept or economic theory is unfamiliar to many people of Poland, when put into practice, it shows profitable results and a high level of achievement. This paper describes two types of rural clusters, already well developed in the Lublin region in Eastern Poland and their role in developing local democracy. Examples are derived from the agricultural production industry (section 2.) and agritourism (section 3.). In section 4. threats and opportunities linked to the development of rural clusters in the region are assessed. In the summary (section 5.) sample conclusions and recommendations that can lead to stimulation of the cluster formation as the means of creating new job opportunities and development of democracy in the rural areas are given.

## 1. Introduction

The theory of economy of the last several years firmly proves that the development of a given country or region depends not only on such factors as labor, capital and technology, but also on networking and cooperation processes among different elements of the economic system (Cappelin 1998; Economides 1996).

The main objective of this paper is to describe and analyze some examples of the local partnerships and rural clusters in the Lublin region in Eastern Poland and to present their first results. Although “clustering” as a concept or economic theory is unfamiliar to many people of this region, when put into practice, citizens of the Lublin region obtain profitable results and a high level of achievement. With an earlier, pre-communist tradition of mutual help in the community existing in the region, the contemporary participants of today’s clusters show a strong sense of cooperation and practical functioning. Examples derive from the rural sector, including the agricultural production industry (i.e. fruits, vegetables, meat, herbs, hops and wheat) and agritourism.

## 2. Agricultural Producers Groups

Agricultural producers groups are legal and official organizations whose main aim is to market its products and services. There are about 110 groups in the Lublin region. As a rule of thumb, clusters working there are typically associations of fruit and vegetable producers. Furthermore, their clients of choice are predominantly domestic and international supermarkets and wholesalers. The key to their success in selling fruits and vegetables is that they are able to provide large quantities, with standardized quality. It’s impossible for a single farmer to achieve such success and level of profit; it requires the dynamic of a group to attain such success. As a unit, they are able to establish modern storage facilities and refrigeration warehouses, as well as quality assessment factories. These clusters allow for value to be added to the fruits and vegetables through creating more processed goods beyond the basic initial produce. Examples include conserved fruit and vegetables, sliced or peeled produce, frozen products and more (Włodarczyk 2002).

One of the successful examples is a group by the name of Zrzeszenie Producentów Owoców “Stryjno Sad” (*the Association of Fruit Producers “The Stryjno Orchard”*). This particular agricultural cluster is thriving, as well as establishing this region of East-

ern Poland as a hub of agricultural production and sales. The primary foundation of this cluster links back to one successful small company, which has been in existence for eleven years. Its owner established this association and it has now reached a much broader scale to include 41 individual participants. “The Stryjno Orchard” is an association which represents a cluster, although its members would not title it as such. Together, they organize training courses; use their joint expertise to choose the best fruits and vegetables for production; and disseminate up-to-date information on crop protection and fertilization. They cooperate with scientists from the Agricultural Academy of Lublin, as well as the scientific association of the Association for Orchard Development [Towarzystwo Rozwoju Sadow Karlowych], which formulates research on orchards techniques throughout the world.

“The Stryjno Orchard” has also developed a strong group effort in their marketing. Many representatives from the cluster attend trade fairs together and also take part in regionally organized economic missions abroad. In terms of sales, ZPOSS offers up to 20 varieties of apples throughout the year, blackberries, and many types of forest nuts. All of these products are grown in the environmentally cleanest area of Poland and they are certified as organic goods. Half of all the fruits are sold to supermarkets, while the other half are distributed to smaller grocers or sold in open air markets (Szymoniuk 2003).

### **3. Agritourism Clusters**

Agritourism has a long tradition in Poland: it used to be colloquially called “vacations under the pear tree”. In Poland, as in other European countries, agritourism will continue developing. There is a tendency now for vacationers to turn away from large tourist centers and resorts. Short weekend trips to the country are becoming popular because of the natural, quiet environment and low prices that agritourism farms offer. More and more frequently these farms are visited by grandparents accompanied by grandchildren.

There are about 5,000 agritourism farms in Poland, approximately 2,000 of which are members of the Polish Federation of Agritourism “Hospitable Farms”. The Federation is made up of local associations, which may be considered as cores of agritourism clusters. There are 11 associations of this kind in the Lublin region. 300 agritourism farms offer over 2,500 beds for tourists per year.

Agritourism clusters have definite objectives which justify the need to integrate, such as:

- a) joint marketing projects,
- b) supervision of the quality of the services,
- c) lobbying,
- d) applications for subsidies.

Marketing activities of agritourism clusters include:

- designing a district tourist offer of a specifically local character, embracing folk art, rituals, local cuisine, cultural monuments or natural wonders;
- development of local infrastructure and provision of new tourist services (rentals of sports equipment, camping sites, ski-lifts, bicycle paths, scenic views, pharmacies, post offices, Internet access),
- promotion, including attendance in domestic and foreign trades and exhibitions.

The essential feature of the agritourism farms and associations is their potential to activate rural women, no matter what their age or level of education is, to find ways to earn money. These are women's traditional skills, involving household management, cooking traditional dishes, handicraft, knowledge of folklore, etc., that are appreciated. In the most of associations over 75% of farms are owned and managed by women.

The Agritourism Association "Ziemia Lubartowska" (*The Lubartow Land*) may serve as an example of an agricultural cluster. The Lubartow region attracts interest because of its lively folklore, numerous cultural monuments, lakes and vast areas of unpolluted forests and meadows.

The Association constitutes the core of the cluster. The member farms, although they compete with each other, are willing to cooperate, for example in coordinating their specialization, investment plans or mutual assistance. The cluster is also connected, informally, with other bodies, such as: neighboring farms (which provide visitors with local produce and additional services), museums, the Regional Centre for Agricultural Consultancy, and church organizations.

An original idea of the Association, going back to an old agricultural tradition of the region, is to promote buckwheat cultivation. Buckwheat cereal could be offered to tourists as health food, while by-products of threshing might be used to manufacture ecological mattresses of wholesome qualities.

#### **4. Organizing Local Partnerships and Clustering in the Lublin Region: Challenges and Barriers**

In general, establishing clusters in Poland faces many barriers. In the Lublin region, the concept of clustering is uncommon, even though there are plenty of examples to date. Still, they are not as prevalent as they have the potential for. The greatest barrier to the proliferation of clusters in this region is the lack of a tradition to cooperate between companies, especially among competitors. These businesses resist the sharing of information, as well as the sharing and dividing of the market. This is closely related to the infancy of capitalism in this region. Therefore, businesspeople are more focused on competition and rivalry, rather than creating partnerships and attempting cooperation.

A bit different situation exists in the area of agriculture. Under Communism Polish farmers were forced into national cooperatives. Most of them were hostile against such forced cooperation; but nowadays they are returning to their traditional roots and taking advantage of working together. This comes under one condition, which differs from the Communist period: that one respects each contributor's individual property and ownership.

In the Lublin region, there is a lack of experience in preparing for long-term business. The mind frame of today's proprietors is such that they cannot envision their businesses continuing beyond their own lifetime. It must be brought to light that such businesses could be passed on through generations and that they can likewise be well integrated into the surrounding local environment. Here again we see that the agricultural industry is much more prepared for such a concept, as there is a long tradition of passing along land to future generations by way of inheritance.

Another outstanding barrier to cluster formation in the Lublin region is the lack of funding and capital, in order to establish and support such clusters. Polish businesses, and especially farmers, are not aware of the ways to acquire such funds, and they are not ready for such challenges as filling out forms in English and other hurdles.

The connections between trade schools and universities with corporate businesses are extremely weak, causing another barrier to the establishment of clusters. Corporate businesses should employ these post-secondary schools graduates, as such companies and farms are usually not prepared for the market economy and are unaware of the

needs of today's business. As a result, these graduates lacking work experience simply add to the ever increasing unemployment rate. Meanwhile, the local businesses find a lack of specialized employees in the labor market. They are then forced to seek employees from other regions or even abroad.

The next barrier is that economic decisions strictly depend on local politics, causing a lack of consistency when new power groups are elected. There is a tendency to eradicate many of the positive initiatives taken up by the former government, hence leaving an unstable environment for business ventures like clusters. Moreover, there is a consistent trend for the outgoing political group to become inefficient when nearing the end of their term in government, such that few positive initiatives are put into effect.

In our region, it would be fruitful to establish international clusters with Ukraine and Belarus, for example. In the past, there had been some successful business networks (e.g. in food processing industry) between Ukraine and Poland, but they dismantled after the restrictive legal changes reduced their productivity. Now there is a return to such networking formations, and the incentive comes both from businesses and from local organizations and authorities. Alas, laws, regulations and cross-border duties are incompatible between Poland and their eastern neighbors, causing a major hindrance to the establishment of such networks or clusters. For many years, there has been lip service paid by governments to supposedly endeavor upon cooperation between the two, but it remains to be seen whether these words will come into action.

## **5. Conclusions**

There are many advantages of rural networking and clustering that must be acknowledged. For example, once Poland joins the European Union, competition will become stronger and stronger. It will then be necessary to establish aggressive marketing techniques, not only internationally, but also domestically. In such an environment, thanks to their flexibility, clusters may be more effective in achieving new and maintaining old segments of the market. There are many examples from the world economy which demonstrate that clusters are more stable in comparison to traditional market sectors. For example, there may be a decline in a given sector, while the flexible clusters are able to adapt to the ever changing market with ease (Porter 2001). This becomes an intellectual survival technique, which is most important for less affluent regions such as the Lublin region.

Creating clusters is therefore a means of creating new job opportunities. Clusters are likewise an occasion to make connections between small business and educational institutions, vital to improved marketing, as well as incorporating new innovations.

Ideally, managers of clusters should be professionals who are optimistic and innovative. Currently, there is a need for such managers in the rural areas of this region. However, the recent migration of the young, educated university graduates to the metropolitan areas or even abroad is a harmful trend in terms of fulfilling the needs of this region. If more clusters were to employ these young professionals, we might stop the exodus of this intellectual power. There could be a strong draw to such employment opportunities for these young intellects, as such management is rewarding and satisfying work in most cases. This work is important for the local community and one might take pride in his/her cluster.

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