

CLUSTERS AS AN OPPORTUNITY FOR DEVELOPMENT OF FAMILY ENTERPRISES

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Abstract: The paper presents the characterization of the family enterprises in the sector of small and medium-sized enterprises (SME). The focus was on the benefits that can be derived by the enterprises from implementation of innovativeness and cooperation within clusters. The aspects of regional development stimulated by creation of clusters and elements of state support in Poland and the EU were also presented.

Keywords: family enterprise, cluster, innovation

Introduction

An important problem for both the EU and Poland, contained also in the Lisbon Strategy is to improve competitiveness and build innovative knowledge-based economy. The importance of the policies of innovativeness results primarily from the increasingly important role of the innovation in the economic growth.

More and more regions are implementing their own scientific and innovation-oriented policies whereas considerable part of interactions between enterprises and between enterprises and R&D sector occurs at the regional level. This is caused, on the one hand, by closer relationships and, on the other, by increased trust in the partners from the same region. Therefore, the concept of regional innovation systems is attracting much interest today. The regional level seem to be suitable for building innovation strategies adjusted to the specific economic and social conditions [9, p. 187], especially because the EU is involved in supporting such initiatives.

The aim of the present paper is to analyse the preconditions for cooperation of family enterprises that lead to the effective transfer of knowledge through development of innovativeness and through connecting and cooperation within clusters, created especially in the area of regions.

Family entities and the strategy of differentiation

It is hard to disagree with the view of numerous practitioners and theorists on the key role of SME enterprises in the development of regional economies. According to the data obtained from Polish Agency for Enterprise Development (PARP) for the year 2010 [16], SME enterprises account for ca. 99% of the enterprises that operate in the market and generate ca. 48% GDP.

In the group of the enterprises from SME sector, a model of family enterprise is one of the most important. It is estimated that every third enterprise in the SME sector is family enterprise. The highest percentage of the family enterprises are

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micro-entities (however, it should be noted that many of them are international corporations). These enterprises operate mainly in local markets and the barriers to their expansion usually result from the small size and too cautious activity.

Family enterprises are considered as those where founders and their families or relatives represent human capital in the enterprise and are managers, executives or members of boards of directors. Therefore, families have their share in a proprietary structure of the enterprise, which allows families to sufficiently control actions or have representatives in the managing bodies that helps them control current management issues in the enterprise. Furthermore, family enterprises should take measures to transfer the property and the related values to next generations [14].

One challenge that the family enterprises must face is popularization of information technologies, Internet and ubiquitous globalization and virtualization of management processes [12, p.177]. Increasingly stronger competition is stimulated by high market saturation, growing importance of non-price criteria of choosing products and services which are difficult to interpret and improved market transparency i.e. changes in the balance of power between sellers and purchasers in favour of the latter [13, p.215].

Contemporary business conditions cause that conventional sources of competitive advantage, such as access to raw materials, price, quality, lead times or customer service allow family enterprises to get a competitive edge but they are insufficient for them to maintain this advantage for a longer period of time. [2, p. 73-84, 4, p.22-24]. One of the strategies that can be adopted by family enterprises today is the differentiation strategy, based on the dissimilarity of the enterprise. The nature of small organizations causes that they are able to perform one-to-one activities or operate in market niches and be specialists in specific, unique areas while focusing on the zones which are difficult to copy. The necessity of using modern solutions of building innovative models of generating value and adopting proper strategies are the only chance for gaining long-term competitive advantage because, as demonstrated by Porter, neither achievement of a competitive advantage in terms of costs nor the differentiation strategy can guarantee a successful future.

Innovativeness in family enterprises

A variety of types and divisions of innovation have been used in the literature, depending on the criteria adopted. In small enterprises, certain forms are *a priori* limited and impossible to be implemented. According to the investigations of micro- and small enterprises, including family businesses, their main focus is on technological innovations which are approached as those which produce the most considerable effects in a short time. This is caused by their direct effect on meeting the expectations of the customers, which is of key importance for the entities studied. Other types of innovativeness, such as innovations in management systems, organizational innovations, innovations in environmental protection,

marketing innovations or social innovations translate into the results of operation directly by affecting the costs of new products and technologies [3].

According to A. Pomykalski, "... the concept of technological innovation includes new products and processes and considerable technological transformations in products and processes" [6]. It can be adopted based on the above definition that technological innovations in the enterprise represent changes which lead to creation of new technologies and new products and services that satisfy new or previous (known) customer needs in a new (more competent) manner [3].

Among technological innovations, one can differentiate between the following [6]:

- product innovations, which focus chiefly on designing and creation of new products with considerable technological improvements and features which distinguish them from other products offered to customers;
- process innovations, which are changes in technologies, adoption of technologically new or considerably improved manufacturing methods, including delivery of products to customers;
- system innovations, which are creation of a new technological or organizational solution (system), particularly in the domain of information and communication technologies (ICT), that lead to changes in information flow through logistics processes, management processes and conventional manufacturing processes.

Obviously, all the types of innovation are interrelated with each other. In practice, it is difficult to determine which of the innovations are predominant in the enterprise and which are their domain. The enterprises have to deal with a synergy of innovation initiatives in the areas of processes, products and systems.

According to Prof. Grudzewski and Prof. Hejduk [1, p. 451], innovations help improve and modernize manufacturing processes, increase productivity, efficiency and quality of work and products, promote competitiveness and stimulate general performance and effectiveness of operation, which leads to improvement in organization and methods of working. Under conditions of new economies, the sources of innovation are organizational knowledge, tacit knowledge and employees' competencies [5].

The study, carried out among family enterprises, demonstrated that the main barrier to innovativeness is insufficient capital and access to credits [16]. Insignificant part of the active enterprises have suitable competencies (human capital) and economic potential (financial resources) to develop and implement modern and innovative products in the market [9, p. 203]. It is essential that the state policies should support small enterprises in their effort to promote innovations adequate to the status of development of an enterprise and products (technologies used).

Innovativeness of family enterprises is also connected with such aspects as operation in science and technology parks, inventors' activities and patents. However, the situation in these areas is not at its best. Small enterprises develop new products and technologies mainly based on their own ingenuity, often far from

the world standards of modernity, which causes that they are not competitive, even in local markets.

Development of innovation in family enterprises should be oriented towards:

- innovation in conventional sectors;
- innovation in services,
- innovation in non-physical areas,
- innovation in demand;
- customer-oriented innovation.

The systematic nature of economic processes, observation of world leaders which have been family enterprises (such as e.g. Toyota, Samsung, Ford, Johnson&Johnson) cause that it is useful to think about clusters when supporting competitiveness of the enterprises. This solution has been also noticed and proposed by the EU in the cohesion policy as an essential factor in supporting innovativeness in SME sector.

Clusters as a form of innovativeness

As mentioned above, small family enterprises hardly operate in the special economic zones, industrial parks, science and technology parks and business incubators. Development of entrepreneurship in family businesses might be supported through concentration of their manufacturing and service-providing potential in the regions. One of the methods for ensuring this concentration are clusters, which utilize full knowledge and transfer of information to create strong competitive advantage in the region [17]. Unfortunately, this is not much popular solution in Polish economy, despite the support from the EU.

M. Porter, who is regarded as a creator of the concept of 'cluster', presented a general definition which says that cluster is a geographical concentration of mutually interrelated enterprises, specialized suppliers and enterprises from other, interrelated sectors and industries, and institutions of economic environments (e.g. universities, chambers of commerce) [8, p. 245]. Cluster represents a system of mutual relationships which, as the wholeness, contributes to generation of the higher value added compared to the total of individual enterprises [7, p.259].

The Ministry of Economy adopted a more detailed and precise definition of a cluster: "a flexible form of horizontal cooperation (i.e. between the entities which operate within the same market segment and which compete with each other) between 3 groups of entities: enterprises, scientific and research centres, and public authorities. This solution creates the environment which facilitates intensive processes of interaction and cooperation between individual actors in the national and regional systems of innovation [18]. Limitation of vertical cooperation (subcontracting) results from striving for competitiveness in order to prevent the situations where part of entities from the cluster decides to ally and eliminate other entities from the market.

The objectives and assumptions of cluster policy in Poland by 2020 are determined in the Recommendations of the Working Group for Cluster Policy [15] which define that the main objective of the future cluster policy should be promotion of innovativeness and competitiveness of the Polish economy based on intensification of collaboration, interaction and flow of knowledge within clusters and supporting development of strategic economic specializations (so-called key cluster).

Clusters produce benefits to the enterprises within the clusters and they contribute to regional growth of the areas the enterprises operate in. Therefore, they are becoming the focus of interest and promotion of local authorities. Another advantage of the clusters is that innovations are not only created in the area of individual entities but they are often connected with synergy which is generated by cooperation. Therefore, it is justified to emphasize regional systems of information. There are a variety of divisions of clusters that results from the fact that each of them is somehow unique and, through using local resources and opportunities, determines its own form. Regarding the size and the structure of property, one can distinguish between network clusters, institutional clusters, satellite clusters and hub-and-spoke clusters [10, p. 23].

For the purpose of involvement of family enterprises in cluster structures, one can adopt the division of clusters proposed by the Organization for Economic Cooperation and Development (OECD) with several groups of clusters (see Table 1).

Table 1. Division of clusters according to the OECD

Type of cluster	Main features	Sectors/scope of operation
knowledge-based	<ul style="list-style-type: none"> • close collaboration with universities and R&D centres; • specialization in advanced research projects; 	<ul style="list-style-type: none"> • sector of high-technology; • pharmaceutical industry; • chemical industry; • electronic sector; • aviation sector;
supplier-dependant	<ul style="list-style-type: none"> • activities oriented towards import of technologies in the form of finished or semi-finished products; • lack of specialized R&D divisions; • using finished products and innovation processes developed by other enterprises; 	<ul style="list-style-type: none"> • furniture industry; • textile industry; • agriculture; • forestry;
based on the economies of scale	<ul style="list-style-type: none"> • insignificant degree of using modern solutions; • carefully planned implementation of innovations; • changes are chiefly implemented permanently; 	<ul style="list-style-type: none"> • food industry; • automotive industry; • civil engineering;

specialized suppliers	<ul style="list-style-type: none"> • concentration of a variety of suppliers, recipients and users near each other; • specialization in innovative products; • distribution carried out directly to users; 	<ul style="list-style-type: none"> • complex manufacturing systems; • software development;
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Source: author's own elaboration

It is recommended in the above PARP report to develop a flexible programme to support cluster coordinators. It is proposed that the principal support for realization of the objectives of coordination in clusters should be started at the regional level. Furthermore, the financing at the national level should be available for internationalization of key national clusters [15].

Family enterprises and clusters

It is widely believed that clusters constitute a barrier that makes it difficult to enter into the foreign market, cause technological isomorphism, and generate increased labour costs or excessive specialization within the cluster. However, they undoubtedly constitute an efficient organizational system for operation of family businesses which produces substantial benefits.

Through accumulation of such values as knowledge, D&R institutions, industry and regional tradition, clusters are gaining in importance, both in the national and international markets. Regarding the creation of clusters by family enterprises which operated in a region, several factors can be regarded as those which determine regional strength of the clusters. These are in particular: [17]

- strong relationships between enterprises and their environment (technological and business-related base);
- geographical proximity of the entities that form a cluster: the enterprises, scientific institutions, R&D centres, financial institutions and other entities that impact on the development of a particular region;
- cluster size i.e. number of entities within its structure: the more enterprises, employees, specialized institutions, the higher cluster independence. This structure does not need purchasing products or services from the outside while it reduces the risk of the "leak" of benefits derived from innovative activity.

Running business in a cluster should be also conducive to the dynamic development of enterprises. This involves the following activities and opportunities:

- improved access to new technologies, common technical infrastructure;
- transfer of know-how;
- improved access to the sources of project financing;
- cooperation in terms of acquisition of the EU funds and financing from local authorities that promote innovativeness;
- reduction of costs of production, transactions, experiments or transport;

- joint product advertising;
- faster flow of knowledge and information;
- reduced market entry barriers;
- joint implementation of R&D and commercial projects;
- joint financial or legal consulting;
- proximity of suppliers/customers;
- more efficient flow of labour force;
- facilitated activities which are conducive to innovation.

Apart from direct benefits to the enterprises, clusters contribute to supporting strengths of the regions and promoting their positive image. This opens up the opportunities for increasing bargaining power in individual enterprises that operate within a cluster and the whole region as a place conducive to development of entrepreneurship. This grouping of enterprises helps influence business environment through e.g. economic lobbying.

Undoubtedly, the above factors improve competitiveness of the enterprises that operate within clusters. However, according to the Japan Small Business Research Institute, the conventional benefits of presence in the cluster are becoming less important. On the other hands, other functions of the clusters are gaining in importance. These include: [11, p.152]

- opportunities of using a flexible division of labour;
- easier access to information that ensures continuous development;
- effective cooperation of formal and informal networks of information;
- opportunities for utilization of the scientific output and collaboration with scientific centres.

Based on the analysis of Japanese clusters, a tendency towards creating and development of knowledge-based clusters can be observed.

Summary

The assumptions of the above mentioned Lisbon Strategy are not fully implemented in Poland. This results mainly from low level of interest of the enterprises in implementation of innovative solutions. This is caused, on the one hand, by financial hardship (particularly in the pre-commercialization phase) and by insufficient awareness of the actual benefits that can be derived from innovations.

Furthermore, there are many Polish family enterprises which do not see special values in family-run business and they often even do not consider themselves as included in this group of enterprises since they claim it does not represent a benefit to customers and external entities' perception. Therefore, the unfavourable tendencies are observed in the aspect of creation of clusters by family enterprises. It would be a pity to waste the opportunities offered by the above type of partnership, since family businesses have already the germ of clusters inherent in

their form of organization: identification with their enterprise and similar enterprises.

Opportunities for development of cluster forms are offered by increased efforts taken to promote regional cluster-based policies. The support includes promotion, information and educational activities in terms of the infrastructure, land development, administration etc.

There are also dedicated tools for support, such as PARP, financed from the European Social Fund, with its project of "Training Programme for Promotion of Clustering". It promotes development of the networks of interrelated enterprises and institutions in the regions [17]. Furthermore, one partner of PARP in terms of implementation of the sectoral policies addressed to SMEs in the region is Regional Financing Institutions. A particular role in promoting innovativeness is also played by the Industrial Development Agency, which creates regional industrial parks, business incubators, centres for small manufacturing etc.

Although an enterprise, when included in the cluster structure, becomes an element of the global networks, it remains a local structure. Furthermore, innovative activities and cooperation in the cluster does not have to be connected with the sector of high technology. Clusters should become a method for managing unique local resources in family enterprises. Including conventional areas of activities (culture, education, agriculture), clusters offer substantial opportunities for family enterprises to be present in cluster structures.

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KLASTRY JAKO SZANSA NA ROZWÓJ FIRM RODZINNYCH

Streszczenie: W artykule przedstawiono charakterystykę przedsiębiorstw rodzinnych w sektorze małych i średnich przedsiębiorstw (MŚP). Skupiliśmy się na korzyściach, które mogą być uzyskane przez przedsiębiorstwa z realizacji innowacyjności i współpracy w ramach klastrów. Zaprezentowano również aspekty rozwoju regionalnego stymulowane poprzez tworzenie klastrów i elementów pomocy państwa w Polsce i UE.

Słowa kluczowe: przedsiębiorstwo rodzinne, klastr, innowacyjność

家族企業的發展為契機， 集群

摘要：本文介紹了家族企業在該領域的小型和中小型企業（SME）的表徵。重點是可以得到的好處，由企業實施集群內的創新與合作。區域發展方面還介紹了波蘭和歐盟國家支持集群和要素創造刺激