

THE COMPETITIVENESS AND DEVELOPMENT OF REGIONS IN POLAND - SELECTED INSTRUMENTS OF SOCIO-TOURIST INFRASTRUCTURE

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Objective: The aim of the article is to assess the competitive potential of Poland's regions, in the context of effective strategy building for further development thereof.

Design/methodology/approach: The article employs the method of critical investigation of the literature on the subject as well as presents an analysis of statistical data on selected socio-tourist infrastructure instruments. An examination of two selected infrastructure elements was carried out for the purpose of the article, which can form a basis for formulation of strategies to improve the competitiveness and development of regions in Poland.

Results: The Authors present the issue of regional competitiveness, with particular focus on the methods of assessing and building the competitiveness of regions through selection of an optimal strategy for further development thereof. In this context, two selected instruments of socio-tourist infrastructure are discussed, which can form a basis for formulation of strategies to improve the competitiveness and development of regions in Poland. The infrastructure elements presented serve as an example of areas characterized by great potential for growth, as a consequence of years of neglect (health care), or constrained by independent external COVID-19 pandemic associated conditions (accommodation industry).

Keywords: competitiveness, region, socio-tourism infrastructure.

1. Introduction

The process of systemic transformation and the 21st century integration with the European Union Countries has changed, but at the same time revealed, the real value and competitive position of many Polish regions (agglomerations, municipalities, cities). Current assessments turn out to be different, often much lower than the widespread evaluations and perceptions that arose before 1990.

The issue of regional competitiveness, particularly the methods of assessment, the knowledge of regional competitiveness building, as well as the effective use of competitiveness for development of a region's strategy is still poorly recognized, underestimated, and even ignored by Polish regional authorities. Hence, interdisciplinary and multifaceted studies addressing these issues, including scientific analysis thereof, are in demand.

The administrative reform of 1998, resulting from the decentralization of power, initiated the development of local governments, which became the main inheritors of the responsibility for governance and, above all, for setting and managing the strategic directions of regional development.

The post-reform changes which have become increasingly evident in the functioning of territorial units include the increasing competition processes between the regional and local systems. These processes are forcing regional authorities to apply principles and rules ensuring greater success in achieving the territorial units' objectives, the overriding one among which entails the increasing prosperity of the community located on the territory thereof. In view of this, the public demand for efficient and, above all, effective development-favoring management of territorial units has emerged and is constantly intensifying.

The study aims to assess the competitive potential of regions, in the context of effective strategy building for further development thereof. The article analyzes two selected elements of socio-tourist infrastructure, which can serve as a basis for formulation of strategies to improve the competitiveness and development of regions in Poland. The infrastructure elements presented exemplify areas characterized by great potential for growth, as a consequence of years of neglect, or constrained by independent external COVID-19 pandemic-related conditions.

2. Formulation of a region's development strategy

The development of individual regions is dependent, firstly, on the level of the resources and capabilities making up a region's competitive potential, including the configuration thereof, and secondly, on the usability efficiency of those resources and capabilities. This efficiency is determined by the manner in which the region is managed, as well as dependent on the balance of the political forces in the region, the strength of the influence of the so-called 'stakeholders' (pressure groups), the regional development vision and the strategic goals set.

The proposed procedure for formulating a region's development strategy, consisting of successive phases, is shown in Figure 1.



Figure 1. Region's development strategy formulation procedure.

Source: own elaboration.

3. Region's resources as a basis for its competitiveness

A region's competitiveness is directly associated with and strongly dependent on its strategic potential, the basis of which entails the region's resources. These resources can be characterized, however, by varying degrees of usefulness in the creation of that potential and thus can contribute to competitive advantage building to various extents. As such, the resources at a region's disposal are not of equal importance from the perspective of efficiency and effectiveness of operation, which is why they ought to be viewed through the prism of their usefulness for competitive advantage creation and the possibilities of generating, based on those resources, effective instruments of competition. In the long run, these instruments, in turn, will determine the region's competitive strength and the pace of its development. According to the Authors, it can thus be assumed that a region's competitive potential is formed by the tangible and intangible resources possessed, which constitute the basis for construction of instruments for effective competition and development of the region (Borko, Geerts, Wang, 2020).

Unambiguous division of a region's resources is not simple, while each can arouse certain discussions. Based on the well-known classifications of business entity resources, a general division of resources into tangible and intangible can also be made here by analogy.

Primary tangible resources of a region (also called visible in the literature) include:

- natural and environmental wealth,
- the population living in the region,
- the state and level of economic development,

- the region's infrastructure (Główny Urząd Statystyczny, 2022),
- scientific potential.

The second group of a region's resources are intangible resources (referred to as invisible), which include:

- the region's identity and image¹,
- the authorities' management style and skills²,
- the relationship of the region's governing bodies with the 'stakeholders' (the public, business entities, potential investors, social parties and organizations, media, etc.),
- the regional authorities' ability and means of solving difficult regional problems,
- the authorities' propensity to cooperate and establish internal and external contacts (partnership in action)³.

A region's competitive potential should constitute an important subject of interest as well as in-depth analyses and assessment by the region's authorities. In practice, this means that a need exists to manage the potential, in both strategic and tactical-operational dimensions. The design and building of a region's potential, including the evaluation and restructuring of its tangible and intangible elements, should be subject to a process of management, in order for it to become the foundation and generator of the region's competitive advantage.

In the process of management, particularly at the time of assessing the region's competitive potential, not all of its elements are equally important in terms of competitive advantage building, therefore, the principle of focus on the key components of this potential should be followed. This, in turn, indicates the need to identify the components of that potential and decide which should be considered of key significance.

Such decisions require a thorough list of selection criteria to be drawn up in advance, to accurately determine the most relevant features of the components making up this potential.

Selection of the key elements of a region's competitive potential, as well as the constant improvement thereof, should constitute the source of competitive advantage. As such, a region's competitive advantage can be considered to emerge from the fact that regions, based in the key (i.e., unique and the strongest) elements of their competitive potential can 'perform' better or 'differently' in certain areas, compared to other rival regions, creating more favorable

¹ The essence of competitive potential determination derives from the collective work edited by Stankiewicz, M.J. (1999). *Budowanie potencjału konkurencyjności przedsiębiorstwa*. Toruń: TNOiK „Dom Organizatora”, p. 177.

² This element of a region's resources has in recent years played an increasingly important role in both the development and the process of attracting potential investors. For more on the subject see, inter alia: Karwowski, J. *Marketingowe zarządzanie regionem*, p. 29 and Mruk, H. (2002). *Obszary współpracy samorządów z przedsiębiorstwami*. In: *Marketing w rozwoju regionu (wybrane zagadnienia)* (p. 262). Szczecin: University of Szczecin.

³ Creation of a region's image is becoming an important task and has been increasingly implemented by the regional authorities as part of promotional activities. For more on the subject, see e.g., Karwowski, J. *Marketingowe zarządzanie regionem*. *Marketing w rozwoju regionu, Part IV: Promocja regionu*, pp. 373-471.

conditions and thus achieving superior results, consequently realizing the goal of regional development.

It is important to note that a region's competitive advantage is relative (contextual) in nature. This means that it is maintained as long as the competing regions are not able to act in analogous manner. Development of regional competitiveness should, therefore, be based on and strongly founded in such tangible and intangible elements, which are characterized by:

- a unique nature (difficult to imitate/copy – e.g., monuments, recognized and respected image, rarities – e.g., natural peculiarities),
- adequate size (which is decisive in terms of the competitive advantage magnitude),
- appropriate durability (the necessary time dimension of the advantage),
- difficulty in substituting/replacing (resource substitutability),
- limited in mobility (or lack of mobility).

Knowledge of the detailed resource characteristics thus determines the durability of the region's competitive advantage and can certainly facilitate the decision-making regarding development and improvement of specific resources in available in the region. Based on the above, a conclusion can be drawn, according to the Authors, that a region's competitive advantage should be considered in dynamic terms as well, to seek directions of and opportunities for its expansion and strengthening. This also means that a region of currently few opportunities to compete and develop effectively is not necessarily doomed to be weak and undevelopable.

4. Instruments of a region's competitiveness

One equally important aspect of a strategic dimension is the selection of competitiveness instruments. These decisions should be governed by the effectiveness and ease of being recognized the relevant target groups of 'stakeholders'. The selection and composition of these instruments must not be random, but thoughtful and consciously conceived. From the perspective of the 'stakeholders', the instruments must be noticeable and of a certain value (translated into an attractive offer), in order to win their favor. Such a list of a region's competitiveness instruments practically can be long, as it is subject to the creativity of the region's authorities, who, based on specific competitive advantages, can apply different instruments of competition. The identification and selection of a region's competitiveness instruments, however, should always be carried out in reference to the actual standing of the region's entities and the state of its environment.

5. Formulation of an effective strategy for a region's development

Building on the foundation of a region's competitive potential as well as the identified and developed competitive advantages, it becomes possible to formulate an effective strategy for the region. A region's development strategy is formulated, on the one hand, as a result, and on the other, as an expression of the development vision chosen by the authorities, which in turn determines the choice of the main strategic goals. It is widely accepted that the overarching and long-term strategic goal of a region (its mission) entails a strive to continuously improve the local community's well-being. This such an important directional objective can only be realized through accurate and carefully determined bundles of strategic goals, the combined implementation of which can improve the region's economic efficiency and competitiveness, resulting in its development.

The formulation of the region's strategic development goals is one of the primary tasks for the region's authorities, which places a heavy burden of responsibility on the representatives of the authorities. Very often such an important overarching objective as a region's vision or directional development goals are formulated during election campaigns by the candidates for the seats of regional authorities. These goals, as a rule, are very ambitious and even often unrealistic. The degree of attractiveness of these goals, from the perspective of various 'stakeholder' groups, determines the electorate's votes of support. In reality, however, the degree of success in achieving the region's strategic development goals, depends on the region's strengths and the effectiveness of the competitiveness instruments selected. This means that, ultimately, a sustainable basis for a region's development lies in its competitive potential.

It is not uncommon for a region's authorities, or certain significant pressure groups, to hold particularly exorbitant ambitions, the realization of which is in contraposition with the region's level of strategic resources and capabilities. Nevertheless, these people have a decisive influence on the selection of the region's strategic development goals and directions. The decision-makers should thus have appropriate knowledge and skills, and above all, hold authority among the region's society. In practice, the decisions on a region's strategic development objectives and paths of implementation are realized over many years and often exceed the decision-makers' (authorities') terms of office. Hence, it is crucial that the successive teams of those managing a given region focus on the existing strategic goals, for the success of the strategy selected.

6. Analysis of selected infrastructure elements enhancing regional competitiveness

For the purpose of this study, a detailed analysis of selected elements of socio-tourist infrastructure has been compiled, which can form a basis for formulation of strategies aimed at competitiveness improvement and development of regions in Poland. The infrastructure elements presented serve as examples of areas characterized by great potential for growth, as a consequence of years of neglect, or constrained by independent external COVID-19 pandemic-related conditions.

One of the most neglected social-infrastructure elements in Poland is the health care system. According to reports by independent institutions, including the Supreme Audit Office (NIK), the scale of financing health needs, expressed as the share of health system spending in GDP, is low, compared to other European countries (NIK Report, 19.05.2019). Admittedly, the level of budget spending on health care has been growing every year, reaching 6.2% of GDP in 2023 (Rynek Zdrowia, 16.IX.2022). None the less, the analysis shows that, although the outlays for health care services have increased by nearly 70 percent, compared to 2016, the services performed have only increased by 3 percent. This indicates an insufficient supply of health services, compared to the legitimate health needs of the population and the high share of privately financed services in the total cost of the services provided (NIK Report). Access to primary health services is thus becoming increasingly dependent on the patient's financial standing.

Table 1.
2019-2021 health care expenditures in Poland in relation to GDP

SPECIFICATION		2019		2020		2021	
		PLN million	% GDP	PLN million	% GDP	PLN million	% GDP
Gross Domestic Product ^a		2 293 199	100	2 323 859	100	2 622 184	100
SHA 2011^b							
HF.1+HF.2+HF.3	Total current health care expenditures^c	147 838.5	6.4	151 873.5^d	6.5	172 884.6^e	6.6
HF.1	Public spending	106 113.9	4.6	109 752.7	4.7	125 476.5	4.8
	including:						
HF.1.1	general government sector schemes	14 693.6	0.6	14 939.4	0.6	.	.
HF.1.2	compulsory premium-based health insurance schemes	91 420.3	4.0	94 813.3	4.1	.	.
HF.2+HF.3	Private spending	41 724.6	1.8	42 120.8	1.8	47 408.1	1.8
HF.3	including direct household spending	29 701.9	1.3	29 668.4	1.3	33 814.8	1.3

Source: GDP data available at: <https://stat.gov.pl/wskazniki-makroekonomiczne>.

Noteworthy is the fact that the Polish health care system is characterized by an exceptionally unfavorable structure of the healthcare costs, financed by the National Health Fund, with more than 50% share of the cost of hospital treatment. Compared with European Union countries,

Poland still has one of the highest ratios of hospital beds per 100 000 residents. In recent years, a reversal of this unfavorable trend has been observed, but the share of this type of treatment, the most expensive in the total cost of healthcare services, still dominates in Poland. Inpatient treatment should gradually be displaced by outpatient health care and preventive care. Meanwhile, a systematic decline has been noted in the number of services provided in such areas as (Rynek Zdrowia, 16.IX.2022):

- psychiatric care and addiction treatment (-9.7 percent, compared to a 33.5 percent increase in the value of the benefits provided),
- nursing and care services (-23.7 percent vs. a 69.8 percent increase in the value of the benefits provided),
- emergency medical services (-10.5 percent versus a 31.2 percent increase in the value of the benefits provided).

The findings of the NIK audit indicate that some health care providers, without recognizing the health care needs, undertook investment activities, such as purchase of modern equipment, construction work, hiring of additional medical staff, while other health care providers offering the same services had already been operating in the region. This translated into low utilization of the available resources, including hospital beds. The diversity of the entities making up individual hospitals is not facilitative to the coordination of such activities. As the results of the NIK audit indicate, the coordination of activities, between district and provincial governments, to ensure comprehensiveness of the healthcare services provision, adequate planning for participation of individual entities in the health care system, as well as rational restoration and development of the material base, is inadequate as well (NIK Report).

In many international rankings comparing health care systems, the Polish system ranks among the last in the European Union. The public's assessment of the health care system functioning, as reflected in opinion polls results, is mostly negative (Appendix No. 4.1. to the NIK Report). For this reason, it entails one of the primary areas that determining the competitiveness structure of the various regions of Poland.

The second element of socio-tourist infrastructure which can form the basis for development of a strategy to improve the competitiveness of regions in Poland is accommodation facilities. Over the years, the number of accommodation facilities and the accommodation capacity offered in Poland has steadily increased, with current dominance of hotel facilities. This is associated with the growing demand for domestic accommodation services in the period analyzed. i.e., 2012 – 2020. At the time, the tourism sector was assumed to account for about 10 percent of the world's gross product. The Polish tourism sector produced more than 6 percent of GDP, while the entire industry provided jobs for more than 700 000 people. The situation changed dramatically with the outbreak of the COVID-19 pandemic, when tourism became one of the industries most affected by the pandemic. In 2020, due to pandemic-related restrictions, more than 49.9% fewer tourists used accommodation facilities, compared to 2019, which is 21.0% fewer compared to 2012. The same year, the number of accommodation facilities with

10 or more beds amounted to 10 291 facilities (960 fewer than in 2019, i.e., 808 more than in 2012), including 3 990 hotel facilities (62.6% of which were hotels). The tourist accommodations offered 775.3 thousand beds (compared to 675.4 thousand in 2012 and 825.5 in 2019), 45.7% of which were in hotel facilities. The number of beds per 1000 population decreased to 20.2, against the 21.5 in 2019, but was higher than in 2012-2017. In 2020, 17.9 million tourists stayed in tourist accommodation facilities, including 1.9 million foreign tourists, who mainly chose hotels.

The number of tourists using accommodation facilities, per 1000 population, decreased by more than twice (465 vs. 928 in 2019; 20.8% lower compared to 2012). Tourists used 51.4 million overnight stays (including foreign tourists - 6.6 million overnight stays). In 2020, the Pomeranian (15.1%), West Pomeranian (14.4%), Lesser Poland (13.2%) and Lower Silesian (9.8%) regions had the highest number of accommodation facilities. These regions still concentrated more than half of the country's accommodation base. The smallest number of facilities, in turn, was in the Opole region (1.3%) as well as the Masovian (2.2%) and Świętokrzyskie (2.3%) regions. In terms of the number of beds offered in accommodation facilities, the West Pomeranian region has been the leader for years. In 2020, 141.1 thousand beds were available (17.7% more than in 2012 and 2.9% less than in 2019), which accounted for 18.2% of the total number in the country. The highest number of tourists using accommodation facilities was recorded in Lesser Poland region (2.4 million) and the West Pomeranian region (2.1 million) - these regions also hosted the largest number of foreign tourists. In the West Pomeranian region, the rate of beds per 1 000 residents was 4 times higher than the national average (83.0 beds), while the number tourists using accommodation facilities, per 1000 population, was more than 2.5 times higher than the national average per capita (1 239 vs. 465 people) - (Central Statistical Office, Regional Development of Poland, Warsaw, 2022).

Undoubtedly, the development of the tourism industry in Poland, including accommodation facilities, will depend on successful overcoming of the pandemic constraints, as well as on flexible formulation of marketing strategies which take the ever-changing preferences of travelers into account. Travelers' attention will focus on health aspects, on choosing offers which deliver the best value for money and avoiding crowded destinations. Based on an analysis carried out by Skift Research in the fall of 2020, it can be suspected that international travel spending will be redirected to domestic travel, and inbound tourism revenues will be severely disinvested (Tourism industry turned upside down, September 2020, McKinsey & Company).

7. Summary

The paper entails a closer look at the procedure of a region's development strategy formulation and shows the dependence thereof on the region's competitive potential, which constitutes a decisive foundation in the entire process. It draws attention to the elements of a region's competitive potential, the usefulness thereof and the characteristic features determining the magnitude and strength of this potential. The following part of the paper presents considerations on the selection of the competitive advantages of a region forming the planning basis for the list of the competitiveness instruments to be used. The final section of the theoretical part of the article deals with the formulation of a region's development strategy, approximating the issues development vision and strategic objectives in particular. For the purpose of this paper, a detailed analysis of two selected elements of socio-tourist infrastructure has been compiled, which can serve as a basis for formulation of strategies aimed at competitiveness improvement and development of regions in Poland. The infrastructure elements presented serve as examples of areas characterized by great potential for growth, as a consequence of years of neglect, or constrained by independent external COVID-19 pandemic-related conditions.

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