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Power of the cooperation connections in an activity of enterprises

Siła powiązań kooperacyjnych w działalności przedsiębiorstw

Abstract

Development of enterprises in the economic terms is understood as a survival process of many companies operating globally. As the research problem, this article considers development disproportions that arise in the activity of such enterprises. The aim is to prove that increased power of cooperative connections developed between economic entities of different size may contribute to expanding their activity on the global scale. This is done using an analytic and comparative method. The analysis of the material collected serves to establish facts and ideas as well as to reveal their sense in the context of the research problem.

Keywords

development of enterprises, economic terms, globalisation, cooperative connections

Streszczenie

Rozwój przedsiębiorstwa rozumiany jest w kategoriach ekonomicznych jako proces przetrwania na rynku wielu firm funkcjonujących w skali globalnej. Problemem badawczym artykułu są dysproporcje rozwojowe jakie pojawiają się w działalności takich przedsiębiorstw. Jego celem jest próba wykazania, że zwiększona siła powiązań kooperacyjnych występujących między różnej wielkości podmiotami gospodarczymi może się przyczyniać do poszerzenia zakresu prowadzonej przez nie działalności w skali globalnej. W artykule zastosowano metodę badawczą analityczno-porównawczą. Uwzględniając analizę zebranego materiału, służy ona zarówno ustaleniu faktów oraz idei, jak i odkrywaniu ich sensu w kontekście rozpatrywanego problemu badawczego.

Słowa kluczowe

rozwój przedsiębiorstw, kategorie ekonomiczne, globalizacja, powiązania kooperacyjne

JEL: F02, F15, F40, O12, P13

Introduction

Development of an enterprise is a process of changes evolving over time, which may concern the whole enterprise or a part of it and may refer to all or one area of its activity. Additionally, in the economic terms, it is understood as a survival process of many companies operating globally. Market globalisation has become evident in standardization of products and services offered by enterprises on the global scale. Its basic objective is to achieve efficiency increase in the activity of many economic entities. This happens in effect of introduction of new technologies and is especially noticeable in the case of companies in such industries as telecommunications or transportation. New technologies enable and facilitate

international flow of production, goods, capital, workforce and services on a much bigger scale than seen in the past.

In the activity of globally-operating enterprises development disproportions are observed — these are the research problem addressed in this article. In this context, particular attention should be paid to the analysis of the distance between development levels of businesses from different countries, especially considering that these disproportions keep deepening.

Therefore, the aim of this article is to present the role of cooperation in the development of enterprises and, at the same time, to attempt to prove that increased power of cooperative connections tied among different size entities may contribute to broadening their scope of activities

they develop on the global scale. Mutual cooperation and further specialisation add up to form a basis for much faster development of many companies involved in globalisation.

The research method applied here includes an analysis of the material collected in order to deliver the most relevant information about the role of cooperative connections in corporate development and, at the same time, to examine research problems and verify the research hypothesis. Therefore, analytical and comparative method is used at the first stage of the research. The second stage consists in classic analysis of available reports and elaborations, aiming to determine facts and ideas as well as to discover their sense in the context of the research problem in question.

The essence of corporate development in the economic terms

Considering the essence of corporate development in the economic terms, there are certain tendencies that appear in their economic activity of enterprises. They determine their development, with different advance or dynamics, as well as their specific position within the environment in which they operate. It should be emphasised that entities could be a historic category and evolves as a result of actions taken within (endogenous factors) or changes occurring in the economy (exogenous factors).

Therefore, in the light of typically economic aspects, development of enterprises in the broad sense includes structural changes, new systems and management organisation of a given entity, new techniques and production technologies. Thus, an analysis of development should take into account a broad context concerning general functioning of many economic entities in the era of globalisation, running their commercial activity on both domestic and international markets. Additionally, development of enterprises obviously involves intensive growth factors which, besides positive quantitative changes (e.g. growth in production volumes), also include qualitative ones (structural changes, new techniques and technologies, modern management and organisation systems, achievement of technological and organisational advance) (Winiarski, 2007)

Referring to the above considerations, activity of enterprises is the driving force of economic development of every country. Enterprises, regardless of their size, produce goods whose value contributes to national income. They also implement new innovative solutions, and create new technologies. By investing their capital, they increase material resources. Thus, corporate

development, especially of smaller enterprises, depends on many external and internal factors. Among external factors in this context, the following should be listed (Szczepaniak, 2007):

- techniques used to create products and services,
- subjective and objective scope of the service sector development,
- subjective and objective scope of industry sector development,
- elements of competitive advantage of the SME sector in relation to large enterprises,
- changes in the input market,
- increase in energy and fuel prices,
- conjunctural economic fluctuations,
- political factors, often resulting in limiting the role of the state in the economy, to the benefit of market forces,
- changes in taste and preferences of consumers being potential recipients of goods and services offered by economic entities,
- ongoing restructuring processes of large companies, facilitating the establishment of favourable climate for the development of smaller businesses,
- modernisation of infrastructure, facilitating development of economic activity (Agu, Isichei, & Olabosinde, 2018).

Internal development factors, for many entities, are strictly related with aspects concerning competition. This especially holds true for the economic activity of micro, small and medium-sized enterprises which strive to succeed under conditions of fierce competition, including external competition. Accordingly, internal factors of corporate development include, among other things, the following (Szczepaniak, 2007; Agu, Isichei, & Olabosinde, 2018):

- achieving competitive advantage by establishing a good brand,
- developing new products and services,
- minimizing the probability of competitors' counterplay by:
 - anticipating in entering into developing markets,
 - competing with many companies at the same time,
 - competing in a way that the main competition brands do not perceive as a threat;
- securing competitive advantage through:
 - offering distributors a broad range of services,
 - control and supervision over own distribution.

Summing up this part of the article, economic activity conducted by enterprises of different size involved in the broadly understood process of globalisation, is based on strict interaction between economic entities and their environment which creates a level playing field, mutual dependencies and development opportunities. In economic practice, there is a lot of external factors

affecting internal factors and differently impacting management conditions in which enterprises operate.

Development disproportions of enterprises involved in globalisation

Enterprises, and especially SMEs, play an important role worldwide in building economic growth and innovation across industries. Sustainable development of the SME sector is of great importance for the development of the economy of every country.

In modern global economy, the main determinant of development of enterprises, regardless of their size, is their competitiveness, seen as the most significant marker of business performance evaluation on the market. On the one hand, competitiveness stimulates the development potential of many entities conducting their activity both on domestic and international markets. On the other hand, it causes development disproportions as a result of which enterprises from less developed countries tend to achieve lower advancement levels compared to those from highly developed countries.

Considering business demography, the number of enterprises has been systematically growing over the recent years. In the whole EU, the increase in the number of enterprises between 2010-2015 amounted to 7.3% (from 21.8 million in 2010 to 23.4 million in 2015). In these terms, Poland ranks sixth among the EU member states and has enormous potential for further development. Micro, small and medium-sized

companies account for vast majority in the EU (98.8%). Bigger numbers of entities operate in trade than in services. The number of micro enterprises keeps decreasing, while the number of service entities is growing up (Tarnawa, & Skowrońska, 2017)

According to Eurostat for 2015, 23 million enterprises conducted economic activity in the EU countries. Poland, with 1.6 million, ranked sixth, following Italy with more than twice as many (c. 3.7 million), France with quite a large number of enterprises too (2.9 million) as well as Spain (2.5 million), Germany (2.4 million) and the UK (1.9 million) (Tarnawa, & Skowrońska, 2017). Additionally, the process of internationalisation of business activities mainly depends on economic situation in the EU. Clear improvement in the results of the Union economy should favour it (increase in the EU GDP by 1.8% y/y in 2014, 2.3% in 2015, 2.0% in 2016, and 2.4% in 2017). In the years 2010-2018, there is a clear increase in the internationalization of the activities of enterprises, measured by the percentage of exports of products and services in total revenues of enterprises. Between 2010 and 2016, the share of exports in the revenues of Polish enterprises increased systematically from 17.6% in 2010 to 24.1% in 2018 (Skowrońska, & Zakrzewski, 2020, pp. 14–15, 33). However, the data concerning the real GDP values recorded in particular countries confirm rather serious development disproportions in terms of figures researched for the years 2014–2018 (Table 1).

Assuming the value of real GDP as the main measure of enterprises development, significant development disproportions between individual

Table 1. Comparison across countries. Real GDP: Y-o-Y growth (data in %)

Country	2014	2015	2016	2017	2018
Latvia	1.76	2.55	2.69	4.84	5.56
Belarus	1.55	-4.48	-1.75	4.35	N/A
Czech Republic	3.44	4.91	1.80	5.05	2.83
Estonia	3.75	1.32	4.39	4.87	4.28
Hungary	3.60	3.40	2.30	5.00	4.90
Lithuania	2.43	2.21	3.43	3.70	3.57
Poland	3.60	4.30	3.50	4.60	4.60
Romania	3.17	4.10	4.90	6.77	4.02
Russia	-0.25	-2.53	0.60	1.65	N/A
Bulgaria	2.34	3.64	4.08	3.52	3.16
Croatia	0.79	2.27	3.99	2.20	2.26
Slovenia	2.27	1.93	3.91	6.33	3.60
Ukraine	-14.40	-2.40	4.60	2.20	N/A

Source: Own elaboration based on <https://www-lemis-1com-1000043k10136.han.pwsz.suwalki.pl/php/macro/cross-country-comparison> (21.03.2019).

countries are quite evident. An analysis of the data presented in Table 1 indicates that, with regard to the value of real GDP throughout the period under researched i.e. the years 2014–2018, the biggest development disproportions were noted in 2014 in Ukraine, and in 2015–2016 in Belarus. The highest GDP values had such countries as: Estonia, the Czech Republic, Romania and Latvia. The lowest GDP values were in Ukraine, Belarus, Russia and Croatia.

Summing up, despite enterprises running their economic activities in different countries in Europe or the world, and striving to contain development disproportions between less and more developed countries, gaps and delays concerning GDP value remain very clear in such countries as Ukraine, Russia or Belarus. Multi-faceted nature of economic activities conducted by enterprises which have registered offices in different parts of Europe or the world implies that an analysis of the development level of particular entities should, at the same time, take many development conditions, both external and internal, into account.

Significant diversity of individual countries in different parts of Europe and the world, also translating into development diversification of companies, may be one of the reasons why disproportions between countries persist and even extend. And within countries, disproportions occur between entities of various size, in terms of their broadly understood development in the long run. Decreasing the existing delays in order to ultimately align the field requires undertaking of effective measures in the area of corporate development.

The power of cooperative connections and the development of enterprises in the economic terms

Cooperative connection is a grouping of independent entrepreneurs, including new ones, operating in a given sector and conducting innovative activity, as well as of research organisations and business environment institutions. Its purpose is to stimulate innovative activity through promoting intensive contacts, using common technological background, exchange of knowledge and experience, causing technologies transfer, creating connections network and spreading information among entrepreneurs in such a grouping (Gómez, García, & Curiel, 2019; DGA, 2019).

Referring to the above, there benefits of cooperation within cooperative connections are plenty, including as follows (DGA, 2019; Heredia Pérez et al., 2019):

- opportunity to implement projects and investments that enterprises could not accomplish on their own,
- lowering the costs and risk of some projects and investments,
- much better possibility to shape and influence the environment,
- possibility to specialise, develop production and distribution network, which may result in lowered costs,
- increasing competitiveness on local and domestic markets,
- making such cooperative structures more attractive for foreign companies,
- transfer of knowledge,
- shaping an environment favourable to generating innovations,
- easier access to external financing sources (e.g. venture capital)

Before fully benefiting from participation in a group of enterprises and institutions making cooperative connections, a good preparation is essential, by extending economic knowledge and abilities in such topics as (DGA, 2019):

- making cooperative connections and developing possible forms of business cooperation,
- market trends, challenges for emerging organisation, bottlenecks, vision and mission for a given cooperative connection,
- aims of cooperative connection, benefits and added values to be achieved through the implementation of these aims in terms of share in GDP generated and the amount of profit obtained.

If an enterprise participates in cooperative connection, it should keep updated with these factors, and develop by improving, within its structure, the following (DGA, 2019):

- the cycle of permanent building and developing cooperative network,
- updating development strategies and enhancing partnerships,
- creating and updating business plans of cooperative connections,
- searching for financing sources by comparative analyses of own and foreign capital structure,
- broadening the initiative of creating cooperative connections.

Market development, growing competition, rising costs of achieving technological progress, willingness to generate profit, increasing share in contributing to GDP and other factors sum up to a situation where it isn't always possible for a single enterprise to achieve the economic goals intended. Therefore, to overcome such difficulties, cooperative connections between different size units are created. Such connections between companies may be classified according to various criteria, often overlapping each other. In terms of

impact that companies' associations exert upon economic independence and legal separation of the entities involved, we may distinguish cooperative connections formed on the basis of cooperation between them with elements of competitiveness. This must not be separated from cooperation, since entities which cooperate with other companies, most often concerns or holdings, also compete with each other, to a lower or higher extent.

Critical analysis of available professional literature, especially English, indicates that cooperative connections are mainly made between micro, small and medium-sized enterprises and larger units; and only to a lesser extent between the same size entities. Additionally, within cooperation, micro and small enterprises are mainly suppliers of larger enterprises and main distributors of their products. Besides, smaller units do well in services, retail and wholesale trade. Service organisations are the most common type of small businesses, because starting them up does not require big investment. Large entities, instead, mainly operate in the industry sector. Entrepreneurs from medium-sized and large companies, as well as small enterprises, are the driving force of innovation (Heredia Pérez et al., 2019).

Economic practice confirms the fact that the power of cooperative connections measured by the rising number of such connections formed among the enterprises analysed favours the raising of development levels, especially for smaller entities. Owing to increasing power of cooperation, development disproportions between various sized companies tend to decrease. Also decreasing are disproportions in the development levels between less developed and highly-developed countries.

Conclusions

1. Development of an enterprise is understood in the economic terms as a process of survival on

the market of many globally operating companies.

2. Development disproportions occur in the activity of enterprises operating on the global scale. Particular attention should be paid to an analysis of differences between levels of enterprises' development across individual countries, since such disproportions are constantly deepening.
3. Increased power of cooperative connections arising between various size entities may facilitate broadening their scope of activities on the global scale.
4. Mutual cooperation and further specialisation create basis for a significantly faster development of many companies involved in globalisation.
5. In effect of market development, growing competition, rising costs of introducing technological advance, willingness to generate profit, increasing share in GDP and other factors, it isn't always feasible for a single enterprise to achieve the economic aims sought. Therefore, to overcome such difficulties, cooperative connections between various size units are created.
6. Critical analysis of available professional literature, especially English, indicates that cooperative connections are made mainly between micro, small and medium-sized units and larger economic entities; and only to a lower extent between enterprises of the same size.
7. Smaller enterprises conduct their activity mainly in the spheres of retail of wholesale trade, and of services, whereas large companies usually operate in the industry sector.
8. Entrepreneurs from medium-sized and large companies, as well as smaller entities, are the driving force of innovation.
9. Economic practice confirms the fact that, owing to increased power of cooperation, development disproportions between various size units decrease, and so decrease disproportions in the development levels between less developed and more developed countries.

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Habilitated doctor in the field of social sciences in the discipline of economics and finance, university professor at the Faculty of Humanities and Economics of the Professor Edward F. Szczepaniak State Higher Vocational School in Suwałki, Poland. She specialises in studying cooperative relations between enterprises that constitute the main determinant of the growth dynamics of enterprises in the SME sector. She is the author of over eighty publications in this field, in Polish and foreign languages. On a daily basis, she also deals with practice; she is a member of the Supervisory Board at the Water Supply and Sewage Municipal Enterprise in Suwałki.

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Doktor habilitowany w zakresie nauk społecznych w dyscyplinie ekonomia i finanse, profesor uczelni na Wydziale Humanistyczno-Ekonomicznym Państwowej Wyższej Szkoły Zawodowej im. prof. Edwarda F. Szczepanika w Suwałkach. Specjalizuje się w badaniu powiązań kooperacyjnych występujących między przedsiębiorstwami, stanowiących główną determinantę dynamiki rozwojowej przedsiębiorstw sektora MŚP. Jest autorką ponad osiemdziesięciu zarówno krajowych, jak i zagranicznych publikacji z tego zakresu. Na co dzień ma również do czynienia z praktyką, jest członkiem Rady Nadzorczej w Przedsiębiorstwie Wodociągów i Kanalizacji w Suwałkach.

---PWE poleca---

ZAPOWIEDŹ



Rozważania zawarte w książce koncentrują się wokół problematyki zasilania informacyjnego procesów decyzyjnych w działalności marketingowej prowadzonej w firmach handlowych. Skoncentrowano się na funkcjach i elementach systemu wspomaganie decyzji marketingowych, technologiach informacyjnych oraz zbiorach niezbędnych informacji w strategicznych i operacyjnych obszarach działalności przedsiębiorstw handlowych. Zasadniczym celem prowadzonych rozważań jest udzielenie odpowiedzi na pytanie, jak firmy prowadzące działalność handlową powinny organizować oraz wykorzystywać system informacyjny i technologie z nim związane, by sprostać rosnącemu zapotrzebowaniu na użyteczne informacje rynkowe i marketingowe, aby podejmować dobre decyzje sprzyjające osiągnięciu celów marketingowych, finansowych, ekonomicznych i pozaekonomicznych w warunkach zrównoważonego rozwoju.

W przedsiębiorstwach handlowych systemy informacyjne mają szczególne zastosowanie w obszarze działań związanych z obrotem towarowym, marketingiem i logistyką (systemy automatycznej identyfikacji towarów, systemy elektronicznej wymiany danych, CRM, automation marketing, edukacja potencjalnego klienta). Zastosowanie nowoczesnej technologii informacyjnej (TI) w zarządzaniu marketingowym sprzyja wzmocnieniu konkurencyjności firmy handlowej.

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