

## Impact of globalization to the region management and development

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### Abstract

Industry restructuring and transformation, changes on the market as well as in the national economy orientation brought substantial problems on the labour market. Restructuring of a number of production plants resulted in reduction of traditional working opportunities and stagnation of creation of new workplaces. The remaining significant concentration of industry, low quality of services, lack of connection to highway transport system, low entrepreneurship activities of its inhabitants also belong to negative factors influencing region's economy in relation to other regions. Modernised transport infrastructure represents an essential condition for ensuring competitiveness of regional economy. At the present time, the construction of industrial zones represents one of the most used tools of the region's development. It is applied as a tool of attracting potential investors into the region, and thus support through the operation of well-established enterprises positive influence of growing co-operation and co-ordination with other companies, which have been existing in the region or have newly arisen.

**Keywords:** industrial zones, the logistic infrastructure, deindustrialization, information, research and analysis.

### 1. Introduction, main features of globalization

In period of globalization we speak about era of knowledges – that means that knowledges are riched, mobile, we must can its use and put into practice.

To other characters of globalization belong to:

- penetration world economic to national economics
- free flow of information, people, goods in frame varios companionship using religion as important element
- deindustrialization – reduction of employment in industry
- globalization in enviroment

In my contribution I aim at one of feature globalization – possibility growth of regional economic in view of the fact, that the foreign investors want to enter into our regions.

## **2. Importance of globalization for development of regional economic**

In this continuity there are prepared the projects to the verification of preparation our region for enter the big investors, on what conditions the investors want enter to the region and the verification of possibilities which the region can offer.

### **2.1. Points of departure, present state**

The Moravian and Silesian Region and its description

The Moravian and Silesian Region is located in the area of Bruntál, Frýdek-Místek, Karviná, Nový Jičín, Opava a Ostrava-Město districts. The region is prerequisite for the development of new industrial branches, it has prepared technical intelligence as well as scientific and research base at universities, research workplaces and companies.

It is situated in the main route of VI multimodal B corridor of trans-European communication network TINA as well as on E roads.

The region has corresponding capacity of educational institutions, there are four universities with fourteen faculties of technical, economic, scientific and humanistic orientation.

The environment still falls behind the republic average, especially in the area of mines and steelworks, but the situation is getting better relatively quickly.

The region represents a very heterogeneous unit. Coal extraction, related heavy industry and steelworks had been concentrating in the north-east part of the region for over 150 years. This formerly rather single oriented structure corresponded with the employment, employees qualification, infrastructure.

Industry restructuring and transformation, changes on the market as well as in the national economy orientation brought substantial problems on the labour market. Restructuring of a number of production plants resulted in reduction of traditional working opportunities and stagnation of creation of new workplaces. We can observe considerable incompatibility between the structure of applicants' qualification and employers' requirements.

The remaining significant concentration of industry, low quality of services, lack of connection to highway transport system, low entrepreneurship activities of its inhabitants also belong to negative factors influencing region's economy in relation to other regions.

We can observe insufficiency of foreign capital, in spite of the fact that in the region there are extensive possibilities of investments both on a "greenfield site" and with the utilisation of existing industrial zones. The above-mentioned fact is caused mainly by the following factors:

- Competition in Poland, which offers several industrial zones in bordering areas with favourable conditions and incentives
- Present system of incentives for investors which does not sufficiently support incentives aimed at regions in which we can observe restructuring of industry, and which are

characterised by high unemployment rate

- Insufficient transport system including the above-mentioned connection to highway network
- Weak regional marketing

## **2.2. Presumptions of economic development of the region**

The main goal of the Moravian and Silesian Region development lies in encouragement of the economic growth and diversification of the economic structure. The emphasis must be put on competitiveness of economic activities and creation of new working positions.

The base of the development represents the following activities oriented on:

- Economic restructuring
- Basic infrastructure improvement
- Harmonisation of requirements for environment protection with strategic intentions of the economic development
- Support of travel and tourism extension
- Improvement of international and bordering co-operation
- Research and development support
- Small and medium-sized enterprise support
- Support of transport infrastructure development
- Extension of industrial zones

The proposed project will be aimed at problems of region's infrastructure and possibilities of industrial zones development support following the earlier projects.

### **Infrastructure**

Modernised transport infrastructure represents an essential condition for ensuring competitiveness of regional economy. It positively influences economy, quality of services as well as security. Increase in investment funds for transport infrastructure modernisation and reconstruction represents a necessary prerequisite for further region's development.

Further investments inflow and overall economic growth in the region is precisely limited by the present state of infrastructure. Considering this viewpoint, completion of D47 highway is essential, ensuring high-speed road connection between Ostrava and other parts of the country as well as internal infrastructure within the frame of the Ostravian agglomeration and possibilities of transport accessibility of local destinations. It will also increase development potential in the area northward from the city of Ostrava, Karviná and Bohumín, and improvement in the area of transport services can be expected.

## **2.3. Conditions of industrial zones development**

At the present time, the construction of industrial zones represents one of the most used tools of the region's development. It is applied as a tool of attracting potential investors into the region, and thus support through the operation of well-established enterprises positive influence of growing co-operation and co-ordination with other companies, which have been existing in the region or have newly arisen.

In the completion of the respective bids, the municipalities have worked on "The programme for the support of investment incentives", on which basis the Ministry of Industry and Trade has drawn up "The programme for the support of industrial zones development".

The programmes concern the following activities:

- Preparation of industrial zones
- Regeneration of idle industrial zones
- Support of rental halls construction
- Support of industrial zones competitiveness enhancement
- Presumptions for the creation of new working opportunities
- Creation of qualification and technical assumptions for ensuring professional administration of industrial zones

However, particular municipalities and towns, government authorities, investment companies etc. do not have at their disposal the complete methodical procedures and instructions which would include all the forms of the support, the procedure during the application of the request for the selected relief programmes, conditions for their acquisition, possibilities of utilisation, etc.

Therefore, these problems will be also tackled within under the proposed project, and the output of the project will present a methodical manual for the mentioned activities above.

### **Present state of the industrial zones in the region**

Industrial zones in the Czech Republic occur in their initial stages of development when compared with foreign experience. They began to arise with as well as without government support, on the basis of experience from developed market economies and from the necessity to bring foreign investors into the country, and at the same time with the aim to create favourable entrepreneurial conditions of domestic companies.

### **2.4. Possible entry of foreign investments**

Irrespective of the increasing number of industrial zones in the region and increasing quality of their facilities, the utilisation degree represents only around 50%.

Basic problems which the foreign investors point out primarily include:

- High direct and indirect taxes and the entire tax system concept
- Legislation with the insufficient information related to changes
- Restrictions concerning the sale of land to foreigners
- Delays and excessive bureaucracy during obtaining of product certificates
- Low quality of technical and transport infrastructure
- Lack of suitable land with the area over 100 hectares
- Government investment incentives undifferentiated according to regions
- Lack of labour force in numerous cases

Domestic investors perceive the main problems in the following connections:

- Foreign investors obtain advantages even if they locate only marginal parts of their business into the Czech Republic
- Incentives stimulate rather powerful producers who do not need them so much
- Foreign investors prefer a construction on a “greenfield site”, thus they do not have

to invest into obsolete buildings, solve unpleasant personnel questions, etc.

## 2.5. Fundamental factors necessary for creation of the industrial zone and its development

- Elaboration of the land-layout plan of the locality under review in co-ordination with the involved bodies (county, municipality, regional development agencies, etc.)
- Decision on the locality type (new industrial zone, extension of the existing zone, cluster formation, etc.)
- Arranging for interconnection between the zones for science and research (co-operation with universities, research institutions, educational institutions)
- Creation of a complex model for evaluation of the zones effectiveness, which will provide further criteria for the purposes of receiving individual support funds, grants
- Ensuring necessary labour force – numbers, qualification structure, flexibility and labour force mobility
- Increasing of quality of provided estates and services, creation of corresponding image of the municipality and zone
- Development of long-term favourable entrepreneurship environment
- Monitoring of environment, application of the policy for the natural resources preservation and management in the particular area

## 3. Conclusion, Projected solutions

The proposed project will follow the formerly completed projects:

**GAČR 402/03/1143** – Exogenous and endogenous factors of the regional development, evaluation of the empiric experience and theoretical approaches to the development poles.

**Project IGS SU 18/2005** – Analysis of the factors influencing enterprise of the Czech companies after the entry to the EU in comparison with the trend in the regions with the high rate of unemployment .

Research works within the frame of GAČR projects will be focused on the following fields:

- Mapping out the state and further possible development of technical infrastructure, that is facilities from the point of energy distribution, water and gas networks, sewerage, telecommunication connection, technical and functional quality of land
- Ascertaining the state and forecast development of the transport infrastructure in the region, geographical location, accessibility of the roads, railways, water and air transport, connection to markets, subcontractors and cooperating companies, radius of action (commuting to work) and quality of transport networks as such.

The following problems shall belong to the fundamental questions to be tackled:

- commercialisation of industrial zones, i.e. attraction of potential investors to the particular location in relation to the specification of factors determining the entry of investors
- finding competitive advantages of particular locations including methods of their presentation and promotion

The course of work and achieved results shall be evaluated at the end of each calendar year in a form of an opponent meeting attended by independent opponents.

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The research report shall be a particular result of the project, which shall serve to the public administration bodies as well as business entities for their orientation regarding the individual objectives of the research in question.

The final report shall be published both in a written form and as a publicly accessible document at the web site.

Background documents for future publication of a monograph concerning the state and possibilities of development of the logistic infrastructure in the region shall represent another result of the project .

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