

Poland's accession to the European Union. Threats or opportunities in the opinion of managers

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Poland's accession to the European Union is a challenge not only for the country as a whole, but also for particular entities acting on the Polish market. Changes occurring as result of the influence of integration processes coexists with the structural changes taking place in the Polish economy. Since these processes complete, diffuse and condition each other, they cannot be separated.

At the beginning of the 21st century in Poland we have to deal with two critical simultaneously occurring phenomena: the socio-economic transformation and the processes related to the European integration. The way to the European Union depends to a large extent on the effort taken in favour of reforming of the country and economy. That what seems indispensable for a fast economy development is at the same time necessary for Poland's accession to the European Union. Therefore, these two objectives cannot be reached as substitutive for each other, but rather as complementary.

Under the conditions of transformation of social and economic system, besides the whole scope of the so-called classical conditions for functioning of market entities, new conditions of more and more importance come to existence in the environment. These are the conditions related to the integration processes, and thus to the processes bound with the preparation and the adaptation to the EU structures. 'New' conditions are common for all market entities, though the level and the direction of their impact and also the effects and the height of their influence may differ.

Economic integration of Poland with the European Union may be understood as a process of integration of the Polish socio-economic system with the EU

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systems preceded by the legislative, works adaptive in character, and the negotiations done by the State Administration (legislative and executive powers) aiming at fulfilling of conditions of the Union accession. In that way macroeconomic conditions for integration are created. These constitute a proper basis for integration at the microeconomic level. Therefore, stimuli and actions applied at the macroeconomic level create the necessary but not sufficient conditions for integration. It is the process occurring at the macroeconomic level that constitutes its basis.

These consist in wide-ranging transformations and adaptations of elements in the process of mutual integration in the structure. The efficiency and the range of this process will depend on the directions and speed, at which companies will react to the new signals streaming from the macro-environment.

In the paper we present the results of the research whose subject were present and future habits of market entities (consumers and companies) related to the integration of Poland with the European Union. The research project titled "Behaviour of market entities in Poland and the process of European integration relationships, regularities and international comparisons" was financed by Komitet Bada_Naukowych (State Committee for Scientific Research) ².

We present a thesis that companies during the pre-accession period (before accession to the Union takes place) and at the time Poland becomes a member of the European Union, will encounter the phenomena they have been so far unfamiliar with. These phenomena will enforce change of companies' behaviour on the market. The way, in which they recognise these signals and their reaction, will be of crucial importance for the process of integration.

The quantitative research was realised with the use of direct interview method applied to the all-Polish sample of 200 production, trade and service companies acting on the market of goods and services addressed to an individual consumer.

² The results of research were published in the book: ed. K. Karcz, Z. Kęddzior: *Zachowania podmiotów rynkowych w Polsce a proces integracji europejskiej-relacje, prawidłowości, porównania międzynarodowe*, CBiE AE, Katowice 2001, ISBN 83-912732-7-X.

Research revealed positive attitudes of managers and company owners acting on the market of consumption goods and services towards the integration with the European Union (table 1).

TABLE 1
Attitudes of managers towards Poland's accession
to the European Union [in %]

Specification	Total sample	Companies regarding the market range		Companies regarding the type of activity	
		foreign	domestic	production	trade – services
Poland should try to join the European Union as soon as possible	43,0	43,8	42,5	39,4	45,6
Poland should try to join the European Union without haste	44,5	47,5	42,5	46,8	42,7
Poland should not try to join the European Union at all	8,0	7,5	8,3	8,5	7,8
Difficult to say	4,5	1,3	6,7	5,3	3,9

As many as 43% of interviewers expressed an opinion that Poland should try to join the European Union as soon as possible, 44,5% interviewers, not having any doubts regarding the necessity of the effort involved in accession, think that Poland should do it but without haste. Despite differences in the estimation of the speed and intensity of negotiations and adaptations, one can assume that almost 90% of Polish managers do not have any doubts that Poland will inevitably join the European Union. Only 8% of interviewers claimed that Poland should not take any effort to join the European Union, whereas 4,5% do not have any opinion on this issue. There are no significant differences visible in the opinion regarding that issue in the group of managers active on the international markets

and those who focus their activity on the domestic one. Managers of trade and service companies are most enthusiastic about this issue. As many as 45,6% of managers support the soonest accession of Poland to the European Union. So was the attitude of 39,4% of managers of production companies. Most representatives of this group (46,8%) are rather in favour of slowing down of the process of integration and lengthening of the pre-accession period.

The managers of companies already active on the international market are definitely in favour of the thesis that Poland should do anything possible in order to unite entirely with the Union. These activities are supported by as many as 71,8% of interviewers in this group. In the group of companies focusing their activity on the domestic market there are approximately 52% of supporters of this opinion. In the opinion of every fifth interviewer of the sample, Poland should do anything possible to maintain its independence from the European Union. The same number of interviewers does not have any opinion on that issue. It seems that this result may be interpreted as a kind of hesitation, on the part of managers, with reference to the range of the necessary and possible concessions in the process of negotiating of conditions, on which Poland is to join the European Union.

Some differences were also revealed in the attitudes of managers as regards the speed of integration and the time, at which Poland should become the member of the European Union.

As many as 43,8% of managers think that the acquisition of the status of a member during the oncoming 3 years (id. till the year 2003) would be profitable for Poland. For 30,9%, however, it is the period of 5 years (id. not later than till the year 2005) (table 2).

Only 13% of interviewers would prefer having a delay in the date of Poland's accession the EU (9,1% – up to 10 years, 4% – even later) and 12% did not have any opinion on this issue. This group consisted mostly of the representatives of companies not having any contacts abroad. Managers of service and trade companies were in favour of a fast accession of Poland to the European Union (48,4% up to 3 years). Despite the declarations of managers that could be

TABLE 2
**Opinions of managers regarding the period, at which Poland
 should become a member of the European Union [in %]**

Specification	Total sample	Companies regarding the market range		Companies regarding the type of activity	
		foreign	domestic	production	trade – services
Up to 3 years	43,8	44,0	43,7	38,1	48,4
In 5 years	30,9	38,7	25,2	34,5	28,6
In 10 years	9,6	8,0	10,7	10,7	7,7
Later	3,9	4,0	3,9	6,0	2,2
Difficult to say	11,8	5,3	16,5	10,7	13,2

understood as positive attitudes to the concept of the European integration, few managers consider Polish companies to be successful competitors already on the present market of the European Union. In the opinion of 45,2% of interviewers only some Polish companies could fulfil the conditions of the competitive EU market. Every fourth manager is convinced that there are only few such companies, whereas every fifth is certain that Polish companies are still not ready to be competitive on the EU market. Only 8,5% of interviewers believe that most companies are ready to fight against foreign competitors (table 3). For all these issues managers were asked to give opinion on the macroeconomic conditions and the effects of Poland's accession to the European Union excluding the particular conditions of the company they run. This group of questions aimed at specification of a general attitude of managers towards the process of integration. Based on this background knowledge, interviewers were asked questions concerning the foreseen influence the Poland's accession to the European Union will exert on their company. This change of view from the macroeconomic to the microeconomic one was applied in order to verify the following hypothesis. Are the positive attitudes to the Poland's accession to the EU transferred onto the opinions of managers when presented in the light of their own company, that

as such is forced to act under new market conditions, and onto the associated with that situation company development perspective?

TABLE 3
Opinions of managers as regards the preparations of the Polish companies to be competitive on the EU market [in %]

Specification	Tota sample	Companies regarding the market range		Companies regarding the type of activity	
		foreign	domestic	production	trade – services
Yes, most companies can be competitive for the foreign ones	8,5	10,0	7,6	7,5	9,7
Only some Polish companies can be competitive for them	45,2	51,3	41,2	47,9	49,5
Only few companies can be competitive for the EU ones	24,6	21,3	26,9	24,7	22,3
Polish companies are still not ready to be competitive on the EU markets	21,6	17,5	24,4	25,8	18,4

The results acquired in the research confirmed that more managers perceive Poland's accession to the European Union as an opportunity rather than a threat for the development of their own company. As many as 39,5% of interviewers consider the membership of Poland in the EU as an opportunity for development (including 9% defining it as a real opportunity for development) and 22% as threat (including only 4% considering this threat real) (table 4).

When compared to the companies acting exclusively on the domestic market (only 35% of managers of this group of companies perceive this fact as a opportunity), one sees that it is the internationalised companies that definitely more often perceive membership in the Union in the light of market opportunities (for 46,3% of managers – representatives of this group of companies it is an

opportunity). It is surprising, however, that as many as 38,5% of managers are of opinion that Poland's accession to the European Union will not exert any influence on the company development (they consider it neither an opportunity nor a threat). 43,7% of managers of trade and service companies are of the same opinion. The enthusiastic attitude of those company managers, who more often were of opinion that Poland should become a member of the European Union in a period not longer than three years, is not the result of the expected advantages membership could incur for the companies they manage, but is due to the opinion that it will not exert influence on their normal functioning.

At the time of mutual dependencies and multidimensional influences occurring in the economic domain among the entities acting on the global market, this result may indicate the fact that managers still do not realise the impact of integration.

TABLE 4

General appraisal of the influence of Poland's accession to the European Union on the change of company environment [in %]

Specification	Total sample	Companies regarding the market range		Companies regarding the type of activity	
		foreign	domestic	production	trade - services
Real opportunity	9,0	13,8	5,8	7,4	9,7
Opportunity	30,5	32,5	29,2	34,0	26,2
Neither opportunity nor threat	38,5	36,3	40,0	34,0	43,7
Threat	18,0	15,0	20,0	19,1	17,5
Real threat	4,0	2,5	5,0	5,3	2,9

On the other hand, managers declare that adaptation of their companies to the European standards will prove easy (19.3%) or at least realisable (51.8%). In the opinion of every fifth manager it can be difficult to realise.

At the same time as many as 8.6% of interviewers admit that it will prove unnecessary (including every tenth manager of companies acting on the domestic market and every twentieth of the ones active on the international market). Managers of production companies perceive adaptation to the EU conditions as more difficult.

Company managers also judged the positive and negative effects of the Poland's accession to the European Union. While doing so, they took into consideration the effects relevant for their companies and not for the economy as a whole. In that way, in the environment they were to 'specify' the factors that will influence the actions of the companies they manage. Therefore, the negative effects and the positive ones caused by Poland's accession to the European Union can be identified respectively as anticipated threats and opportunities for companies. The questions stated were of semi-open character.

Managers were presented with 12 hypothetical threats and 15 hypothetical opportunities. Their task was to indicate up to 5, in their opinion, most important ones. Among the threats, the conceived as dangerous entrance of many foreign companies onto the Polish market and an easy market penetration by the foreign capital are the leaders (table 5).

Every second manager considers them as a threat for his/her own company and every fifth is simultaneously afraid of the increase of import on the domestic market. About 40% of managers forecast that their company competitive position will get worsened and they are afraid of the loss of customers in favour of foreign competitors.

Only every fourth interviewer fears for decrease of the interest in the offered products and services and every fifth for the increase of unemployment and decrease of customers' buying power. In the opinion of every fifth manager, due to Poland's accession to the European Union, the requirements for the products and services' quality will increase. At the same time they consider it a threat for the company they manage.

TABLE 5

Threats resulting from the Poland's accession to the European Union [in %]

Specification	Tota sample	Companies regarding the market range		Companies regarding the type of activity	
		foreign	domestic	production	trade – services
Entrance of many foreign companies into the Polish market	50,5	50,0	50,5	50,0	51,5
Easy market penetration by the foreign capital	49,5	46,3	51,7	54,3	46,6
Worsening of the competitive position of the Polish companies	41,5	38,8	43,3	42,6	41,7
Loss of customers in favour of foreign competitors	39,0	32,5	43,3	38,3	40,8
Decrease of interest in the offered products and services	23,5	20,0	25,8	25,5	20,4
Increase of unemployment and decrease of the customers' buying power	22,0	16,3	25,8	27,7	16,5
More requirements for products and services' quality	22,0	21,3	22,5	27,7	15,5
Increase of import on the domestic market	20,5	25,0	17,5	24,5	16,5
Levelling of prices of products and services on the domestic market and the markets of the Union members	14,0	13,8	14,2	11,7	15,5
More tax loading	13,0	8,8	15,8	14,9	11,7
Change of lifestyle	12,0	11,3	12,5	11,7	11,7
Increase of percentage rates	6,0	5,0	6,7	4,3	7,8
Other	6,0	10,0	3,3	7,4	4,9

Some managers are afraid of levelling of prices of products and services on the domestic market and the markets of the European Union members (14%), of more tax loading (13%), of change of lifestyle having impact on customers' behaviour (12%).

Therefore, the following thesis may be put forward: most Polish managers are afraid of the changes occurring on the part of supply. In their own market activity they represent the so-called position towards the competitors. They consider the changes on the part of demand neither probable nor dangerous.

Moreover, there seems to be less fear for the change of macroeconomic in character tools that result from the agreed economy policy of the countries undergoing integration (taxes, percentage...). Although the managers representing companies acting on the international market show less fear with respect to the negative effects of integration, they are more afraid than others of the increase of import. Significantly lower is their fear for the loss of customers in favour of competitors than for the decrease of interest in the products they offer.

Some differences also occur in the notification of threats by the managers representing production companies and the ones from trade-service companies. The latter are less afraid of the decrease of interest in the services they offer due to either increase of quality requirements or decrease of customers' buying power. Import is also not considered a threat by them. Considerably few managers of trade-service companies see an easy market penetration by the foreign capital as dangerous. Managers expect that the Poland's accession to the European Union will also incur positive effects for their companies. Most managers perceive the possibility of more access, than so far, to modern technologies, the increase of stability of legislation and the adjustment of legislation to the requirements of the European Union as opportunities of most significance (table 6). This result may confirm the importance of the stability of legislation for entrepreneurs. The obligations on the part of Poland regarding the observance of the law of the European Union guarantee this stability. More than 30% of managers expect that they will also have a better access to the market information. About 28% of interviewers see lowering (or abolishing) of customs duties in the turnover with the members of the European Union as an opportunity. In the

opinion of 22% the accession to the European Union will incur stabilisation of the Polish currency. Every fifth manager expects opportunity in the foreseen increase of ecological awareness of Polish consumers. About 15% of managers look forward to the positive effects in the form of increase of profit of their real and potential customers and positive changes in the lifestyle having impact on the customers' buying habits. Almost 18% of managers expect stimulation of privatisation processes and think that it will occur as a positive effect of the accession procedure. Only 12% of interviewers consider the increase in demand for the products and services they offer a positive effect of Poland's accession to the European Union. Therefore, open market signifies for most managers some convenience on the part of Union companies in their acting on the Polish market, and thus a significant deterioration of the competitive position of the Polish companies. Poland's accession to the European Union is, however, perceived to be an enormous opportunity for the access to the internal market of the European Union. The possibility of crossing of the barrier of demand of its own market is not seen as a potential opportunity. It is a regular approach of managers to seek opportunities only within the present area of their activity. In addition, they do not expect a favourable economic situation to come to existence because of Poland's accession to the European Union. It is also surprising that there are no differences visible in the opinions regarding the opportunities bound with the process of integration between the managers whose companies are active on the international market and the ones focusing their activity only on the domestic market. This may be due to a little importance of foreign turnover in the whole turnover of the companies.

TABLE 6
Opportunities resulting from Poland's accession to the European Union [in %]

Specification	Total sample	Companies regarding the market range		Companies regarding the type of activity	
		foreign	domestic	production	trade – services
More access to modern technology	60,6	59,5	61,4	64,0	57,4
Increase of legislation stability	53,4	54,4	52,6	50,6	57,4
Law adjustment to the EU requirements	40,4	40,5	40,4	38,2	42,6
Better access to the market information	31,1	30,4	31,6	33,7	27,7
Lowering of customs duties	28,5	29,1	28,1	34,8	21,8
Stabilisation of Polish currency	22,8	20,3	24,6	16,9	27,7
Increase of ecological awareness of Polish consumers	20,7	21,5	20,2	19,1	20,8
Stimulation of privatisation process	17,6	16,5	18,4	21,3	13,9
Profit increase of real and potential customers	16,1	17,7	14,9	15,7	16,8
Change of lifestyle	15,0	16,5	14,0	15,7	14,9
Decrease of percentage rates	13,0	15,2	11,4	9,0	16,8
Levelling of prices of products and services on the domestic market and the markets of other EU members	12,5	17,5	9,2	12,8	11,7
Possibilities of occurrence of competitor's partnerships, creation of value chains, strategic coalitions, and so on	12,0	17,5	8,3	16,0	7,8
Increase of demand for offered products and services	11,9	13,9	10,5	14,6	9,9
Favourable economic situation	6,2	7,6	5,3	7,9	5,0

There are, however, differences between the managers of production companies and trade-service ones. For production companies more access to modern technologies, a better access to market information and lowering of customs duties prove most important. Every fifth manager from this group mentions stimulation of privatisation among the positive effects of integration. In the ranking of opportunities this factor was placed on the high sixth position, whereas in the group of service companies only on the twelfth one.

In the light of the presented research results the enthusiastic attitudes of managers towards Poland's accession to the European Union do not seem to be rooted in the expectations related to the acquisition of development opportunities by companies in the oncoming future. Managers do not expect improvement of the economic situation. They are afraid of decrease in demand for the products and services that they offer because of a severe competition they expect from the companies coming from the Union member countries. Although the opportunities managers identify (access to technology and information) can be later applied to improve the competitive position, they indicate, however, a primary necessity of covering costs instead of increasing profit. Decrease in demand and the foreseen decrease in sales may weaken the already modest development potential of Polish companies.

The results obtained in the research confirm the fact that managers are aware that at the moment of Poland's accession to the European Union companies will find themselves in a new economic reality. They will have to take up actions in a new competitive environment not only within the frames of the European Internal Market but also under new conditions of the European Economy and Currency Union. This will incur the necessity of encountering of dynamic marketing oriented EU companies able to win the target segments of the Polish market and eliminate weaker Polish companies. Poland's accession to the European Union is, however, still associated by managers with the necessity of competitive struggling against EU companies on the present national internal market rather than with the expansion into the other markets of the Union members.

In view of the results obtained in the research one may also assume that more and more Polish companies are already engaged or are going to engage in

the process of internationalisation in the nearest future. This is noticeable both in case of passive forms, id. co-operation with foreign partners in Poland, and active ones (export, joint venture, and so on). Both forms should be evaluated in the light of their positive influence on the development of companies and the whole economy. One may, however, expect a change in this proportion in favour of more active engagement of Polish companies abroad that in turn would constitute the basis for development of more advanced forms of marketing activity.

Undoubtedly, not only the lack of capital, but also of knowledge and experience in independent business running on international markets stand in the way to acquire this level of development ³.

Moreover, Polish companies neither create favourable business relationships with foreign companies or use the opportunity accompanying the transfer of resources and abilities within the strategic alliances. Companies run by managers enthusiastic about Poland's accession to the European Union are a positive exception here.

The group of managers-Euroenthusiasts is not big (only 17% of interviewers). The analysis of managers' opinions and behaviour of the companies they run make one present a thesis that these companies can be considered leaders and at the same time beneficiaries of the process of integration at the microeconomic level. There is some feedback between the attitudes of managers and the behaviour of companies. The enthusiastic approach of managers towards the Poland's accession to the European Union is revealed in the more open attitude to the integration process and in the strategic decisions they take. These facilitate taking advantage of opportunities accompanying the actions taken within the frames of the open market.

Individual attitudes of managers transformed in the decision-making process into the decisions taken at the tactical and strategic level exert influence

³ The same conclusion could be found in results of research made on the sample of Slovak firms with the French capital : see J. Kita : Slovenske podniky s francuskou kapitlovou účasťou a procesy restrukturalizácie, internacionalizácie, medzinarodnej integrácie a globalizácie, in: Restrukturalizácia slovenských podnikov v podmienkach medzinarodnej integrácie, Bratislava 2001, pp. 5-18, ISBN 80-225-1369-5.

on the noticeable indicators of behaviour of companies as organisations. On the other hand, a better level of preparation of the companies run by these managers to the activity on the European Union market, which Poland will constitute a part of, may influence their positive attitudes towards the process of economic integration. For these companies the balance of potential opportunities and threats the Poland's accession to the European Union will incur proves positive.

Euroenthusiasts represent mostly the companies already acting on the international market. These are most often bigger companies, with mixed capital and generally in a better financial situation than the ones taken as a sample. As many as 62% of Euroenthusiasts judge the financial situation of their company to be very good or good. There are more companies in this segment that have marketing departments. Half of the companies run by managers-Euroenthusiasts are already active on the international markets. Every third company has already started activity on the EU market. Among those that have not done it so far, more than 30% are going to start up such an activity till the year 2002. Almost one half of the companies have also made an attempt to create the basis for co-operation with the partners from the EU member countries.

Most managers-Euroenthusiasts are in favour of the fastest possible Poland's accession to the European Union (not later than till the year 2004) and consider their companies prepared to be competitive on the Internal Union Market. At the same time all Euroenthusiasts believe that the Poland's accession to the EU will prove an opportunity of development for their companies. Furthermore, in their opinion there are no serious problems in adaptation of companies to the requirements of the EU market.

In comparison to the results of the total sample the managers referred to as belonging to the group of 'Euroenthusiasts' associate much hope for access to modern technologies (67,8% of answers) and increase of legislation stability (58,8%) with the Poland's accession to the European Union. In addition they have more expectations regarding the stimulation of privatisation processes (26,5% in comparison with 15% of the total sample).

Differences in approach to the competitiveness of the companies run by Euroenthusiasts and other managers are important. Companies that can be

considered leaders of changes find co-operation, creation of strategic alliances and joint ventures directed at domestic and foreign market more significant. Therefore, they choose a strategy of either co-operation with the EU partners or the imitation of their activities (benchmarking). This strategy seems realistic in view of the market conditions. With reference to the acquisition of a competitive position on the market, Euroenthusiasts prefer more modern solutions. They notice that the Poland's accession to the EU gives an opportunity of establishing of long-lasting partnerships with the European Union companies and they are preparing themselves for starting up of such a co-operation.

They are also more open to the concept of modern marketing philosophy – Total Customer Satisfaction. They perceived customer satisfactions an important strategic factor of success in the worldwide scale ⁴.

In a similar way to the process of economic integration, also the processes accompanying the adaptation of Poland to the requirements of the European Union are clearly noticed as new conditions of actions taken by the Polish companies. During the pre-accession period changes in the behaviour of market entities and their common relationships can be observed. The range of these changes differs for various segments of companies. Positive attitudes towards the process of integration are transferred into the more intensive changes in behaviour of market entities.

⁴ The same approach is stated to be implemented in companies of transforming economies from Central Europe e.g. Czech firms-see : I. Simberova: Customer satisfaction from the point of view of Czech companies. In: *Zachowania podmiotów rynkowych w Polsce a proces integracji europejskiej*, CBiE AE Katowice 2001, pp. 321-327, ISBN 83-912732-6-1.