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## LOGISTIC ATTRACTIVENESS OF A REGION AS AN OPPORTUNITY FOR INTERNATIONAL COLLABORATION

### DEBATE AGAINST THE BACKDROP OF INTERNATIONALISATION OF MANUFACTURING

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*Яцек Шолтысек. Логістична привабливість регіону як механізм активного сприяння міжнародній кооперації.*

У статті розглянуто логістику як одне з джерел створення конкурентної переваги глобалізованої компанії, що сприяє залученню нових інвесторів з реалізацією механізму оцінки готовності регіону до впровадження логістичних рішень

*Ключові слова: глобалізація, економіка на підґрунті наукового знання, регіональна логістика, здатність до поглинення, конкурентні стратегії, логістична привабливість, інвестиції.*

*Яцек Шолтысек. Логистическая привлекательность региона как механизм, активизирующий международную кооперацию.*

Статья рассматривает логистику как один из источников создания рыночного конкурентного преимущества глобализованной компании, содействующий привлечению новых инвесторов с реализацией механизма оценки готовности региона к внедрению логистических решений

*Ключевые слова: глобализация, экономика, основанная на научном знании, региональная логистика, абсорбирующая способность, конкурентные стратегии, логистическая привлекательность, инвестиции*

*Jacek Szoltysek. Logistic attractiveness of a region as an opportunity for international cooperation.*

The article considers logistics as one of sources generating a globalised company's competitive advantage in a market thus facilitating to attract new investors with mechanism of a region's readiness to absorb logistic solutions evaluation

*Keywords: globalisation, knowledge-based economy, regional logistics, absorptive power, competitive strategies, logistic attractiveness, investment*

Such traditional notions as borders, distance and operating area are currently losing their meaning due to globalisation transcending national social and economic dimensions.

Increasing convergence of IT and telecommunications, creates thus far unknown interdependence between development of globalisation and knowledge-based and progress-based economy [1]. However, the dynamics of changes in the global market does not rely solely on resources and intellectual assets of managerial teams, but first and foremost by their ability to come up with resources-based unique and profitable solutions. Transnational corporations competing for dominance in specific markets take advantage of those factors to become market leaders, what gradually causes critical innovations of global reach to be ever-effective [2]. Globalisation of company operations takes on key significance under such market conditions, stemming from unification process of national market structures. The process of conventional market services standardisation, first described by T. Levitt was deemed as globalisation's foremost driving force, and operating in broad space of unified products was described as globalisation of an enterprise [3]. Once the first period of market functioning in that shape concluded, its essence came into question. Tendencies directed at market diversification emerged, factoring in local considerations, what changed perception of globalisation. Modern methods, as opposed to early concepts of that process (unification of entities' character and commercial activity processes), lead entities to blend together and cooperate, to active transformation of forms and processes of commercial activity, all creating a structure perceived as hybrid system of multiplicity of links between global corporations. Effective use of those relations requires improvement of structure, organisation and operating style of companies with global aspirations. The necessity to follow novel solutions stems inter alia from deliberations of V. Govindarajanand, A. Gupta, who describe business globalisation as a multivariate phenomenon [4]. Among characteristic for a global enterprise qualities, they count presence on all important world markets and centralised purchasing according to the low-cost strategy or highest possible

benefit attainable in a given country. The managing personnel is required in turn to be able to effectively integrate various economic, organisational and

cultural trends into a unified process facilitating generation of global benefits (Fig. 1).

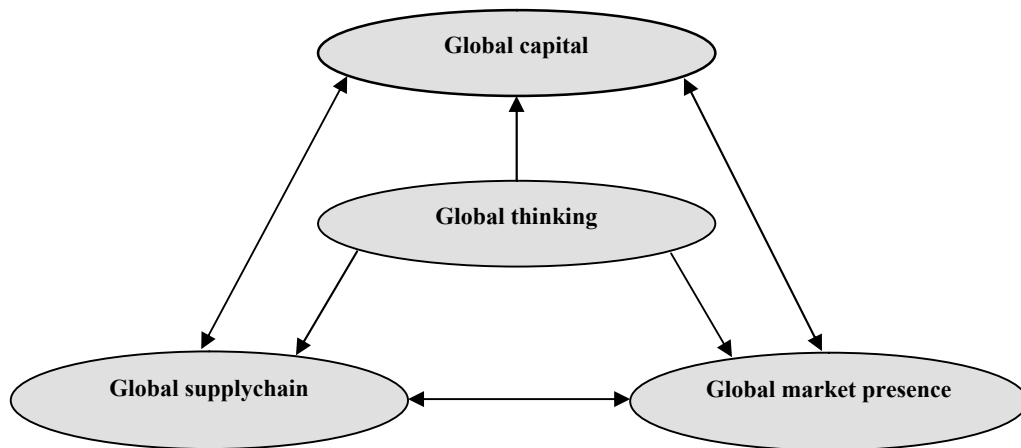


Fig. 1. Model of a global enterprise [4, 5]

Such considerations require support from perfectly organised logistics

Logistics is currently perceived as one of sources generating competitive advantage in a market. In order for a region to provide modern logistic services it needs to satisfy many infrastructural, technological, personnel, economic and legal conditions.

How to evaluate a region's logistic attractiveness? The concept of such evaluation entails the notion of logistics absorptive power i.e. a region's readiness (or capability) for absorbing state of the art logistic solutions. It envisages determining measures, by means of which logistics absorptive power could be described, and subsequently differences identified between logistic attractiveness of a given region and its competitors, or region's "as-is" and target logistics absorptive power. More important basic measures of logistics absorptive power include density of linear and point infrastructure both for transport and travel (passenger transportation) and communication. Road density or number of transportation points underlies development of distribution centres – choosing best locations and creating on that basis ever-effective supply chains. Without a shadow of a doubt crucial premises are also size, structure and allocation of storing spaces. Those measures include also the number of airports, seaports and inland waterway shipping. Basic measures characterise logistic attractiveness of a region through describing the state of infrastructure catering for logistic services.

Logistics absorptive power can also be evaluated through complex measures, where the most commonly used is point scoring. Evaluated are (on point scale) various parameters, describing both the market and its characteristics.

Counted among complex measures, is apart from e.g. costs (rental rates, land and labour prices), market access etc. Purchasing Managers Index (PMI). It is a quite characteristically composed indicator, which is intended to capture the dependency between production output and level of its logistic service.

Provided there is a dependency between the level of logistic service and professionalism of logistic personnel, then such elements as raw materials purchasing price, supplier deliveries and employment differ from places where logistic service is deficient. Hence the index is a weighted mean of measures concerning new orders, export orders, production, number of items purchased, price of purchased commodities, inventory levels, supplier deliveries, employment environment.

Special importance in measuring logistics absorptive power needs to be put down to inventory levels and service efficiency measured by delivery time. The index exceeding 50.0 signals increased factor importance, and below 50.0 – its drop. Measurement and subsequent comparison of PMI not only allows for evaluation of different regions' logistics absorptive power (and building competitive advantage underlain by those factors), but also for developing investment and promotion programmes, increasing region's logistic potential. I will call such programmes, constituting regional policy a region's logistics competitive policy.

Region's logistics absorptive power allows for evaluating resources at region's disposal, and for indicating actions required to increase the region's attractiveness in eyes of potential investors. Determining logistics absorptive power involves creating a resources map by means of the aforementioned measures.

The procedure commences with determining – using different sources e.g. benchmarking, or drawing on potential investors' expectations – the desired target region's logistics absorptive power and comparing it against the "as-is" state. The changes crucial to potential investor's success are analysed, along with weak and strong points of the region's offer. A simplified analysis of presented example is shown in Fig. 2. Thanks to the analysis conclusions can be drawn. Investment and organisational tasks can be determined. Similar actions can be taken upon

probing transport issues (Fig. 3). For business to operate within a region required are efficient multidirectional flows of goods, people and accompanying them information. Investment opportunities in that area depend on region's offer –

on state and quality of logistic infrastructure. Construction of infrastructure, travel infrastructure in particular, is a source of regional economy's development and allows for higher region's competitiveness.

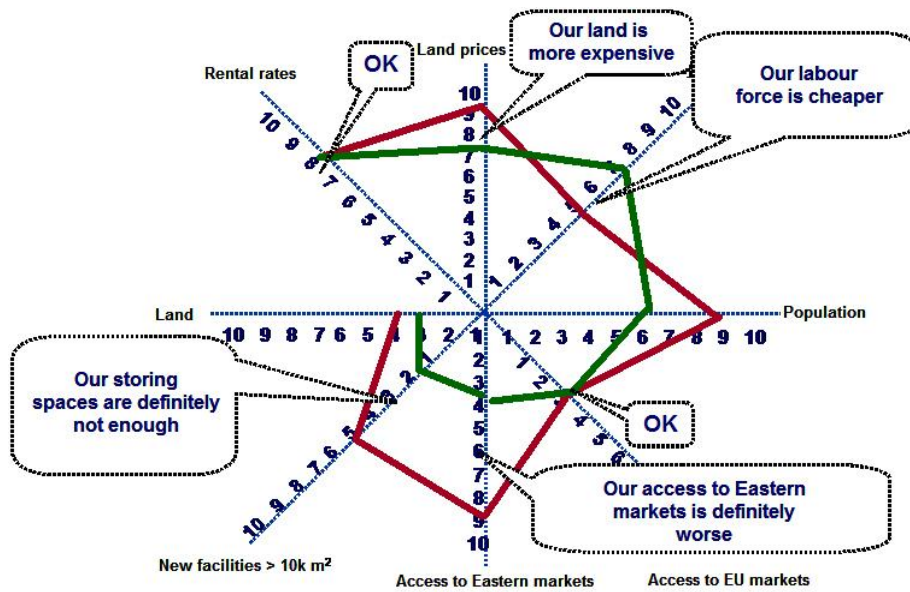


Fig. 2. Analysis of a region's weaknesses and strengths in terms of enticing potential investors [7]

Having clearly defined strengths and weaknesses, adaptive work can commence, along with bespoke promotion. It lies within competences of marketing experts, precisely functional and strategic regional marketing, involving also local marketing. Its aim is to prepare and offer particular areas for purposes of commercial activity in the region (areas for industrial

facilities, technology parks). Strategic action is directed at identifying and satisfying systematically the needs of current and potential investors. In order to satisfy those needs, it is necessary to audit a region's logistics absorptive power in accordance with principles proposed in the paper.

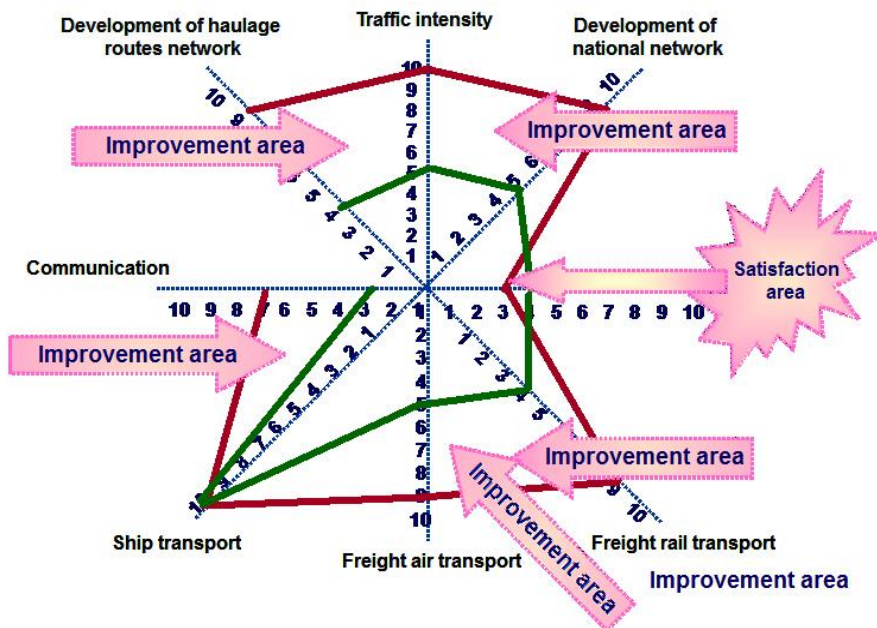


Fig. 3. Analysis of a region's strengths and weakness in terms of attracting potential investors (transport situation)

To summarise, worth reminding is the fact, that a competitive region is a space attractive for various users. In the age of globalisation, regions and their economies are faced with challenge of strengthening their competitive edge through fostering absorption of innovation, thus making innovation a tool for effective competing. Logistics absorptive power is a regional quality, illustrating a region's readiness to absorb logistic solutions. It can be analysed by means of basic and complex measures. Using measures allows for comparison between competitiveness of

various regions and for forming a region's competitive logistic policy. Auditing logistics absorptive power enables competitive advantage strategies to be built by the region through preparations to eliminate weaknesses and transforming strengths into trumps. It also facilitates attracting new investors, through addressing their needs. Such practice is possible thanks to evaluation of a region's readiness to absorb logistic solutions.

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#### *Посилання на статтю / Reference a Journal Article:*

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