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.
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.

References:


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