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## **IMPORTANCE OF NETWORKING AMONG REGIONAL LABOUR MARKET PARTICIPANTS**

### **1. Theoretical bases**

Institutionally directed regional development theories [Blažek, Uhlíř] belong to the current tendencies in regional development research. These theories deal with importance of institutions and their influence on socioeconomic aspects of regional development. The concept of networking and the analysis of a net of connections belong to the key elements of these theories, e.g. theory of learning regions [Bathelt, Malmberg, Maskell 2004]. The connections are formed among the regional development participants whose quantitative and qualitative characteristics indicate potential and possibility of their development and development of the region<sup>1</sup>.

Networking in case of development of innovative connections among participants creates for the subjects concerned a number of positive effects. Moreover the connections do not have to be of technological character only. Networking leads to creation of a contact among the individual participants who are bearers of already existing connections to the other participants with contact nets [Cooke 2002]. Formal nets offer important exchange function – they link businessmen and sources to net development. Joining of a new participant to the net enables easier gaining of resources such as foundation, technology, strategic information, or customers. By means of these connections there is primarily information and innovations transfer [Clark, Feldman, Gertler 2000], furthermore the connections help to economic and social changes with an impact on the need for higher flexibility of formal and informal institutions. New subjects have easier access to regional environment, supporting development organisations help for example with business development. Networking influences also formulation of regional development aims because coalition of regional participants has higher influence on public policy. This influence has increased

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<sup>1</sup> Extreme example of an isolationistic company is (according to Blažek and Uhlíř) a model that is named by Massey as “a cathedral in a desert”. This is a subject localized in the region but not creating any connections to local environment.

with establishment of regional level of self-government in the Czech Republic and Poland. As a result it can be said about networking that it participates on the change of mental image of a region (participants has support in nets, atmosphere of a region is perceived as creative and business development supporting). It positively influences increase of regional competitiveness [Keeble, Wilkinson 2000]. Nets strengthen the position of the participants because they can expand better from the region or they can gain new customers (for example tourism).

Nevertheless networking support cannot be seen as the main tool of development of a region (similarly to the concept of institutional density [Amin, Thrift 1995]). Its primary significance is in increase of flexibility of participants and institutions and maximal use of leverage from knowledge and innovation transfer in regional economy development.

## **2. Research on participants and significance of contacts in the labour market**

Evaluation of participants' significance from networking point of view was carried out on the example of the labour market. The evaluation can be found also in other regional development researches that deal with analyses of connections and structures in the labour market and their influence on development of regional economies (e.g. [Smith et al. 2002]). The choice of this topic comes out of the fact that it is directly connected to different types of participants from the profit and the non-profit sector, or from civil and public subjectivity. Besides commercial subjects there is the influence of requalification and consultancy organisations and institutions of public service as well.

The analysis of a group of employment subjects was carried out on the sample of twenty legal entities working in the open labour market. The investigated sample was divided between the following regions in the Czech Republic: Ústí nad Labem region, Pardubice region, Hradec Králové region, Moravian-Silesian region and South Bohemian region because of regional discrepancy elimination.

From the status point of view a profit sector dominates among the investigated employment subjects; eight subjects have been incorporated companies, five firms have been limited companies and five subjects have had the status cooperative society. Non-profit private sector was represented only by two subjects, and that is a civic society and a public beneficial company (see fig. 1).

It is possible to say that from the point of view of founders' origin the questionnaire research covered mainly Czech subjects. 17 were only Czech subjects, full foreign capital was identified by one tenth of the investigated subjects (2). A minor part of foreign capital was identified by one example.

Evaluation of the investigated subjects according to branch classification of the economic activities shows that the most represented branch was manufacturing industry (45%). This dominance comes from the fact that manufacturing industry be-

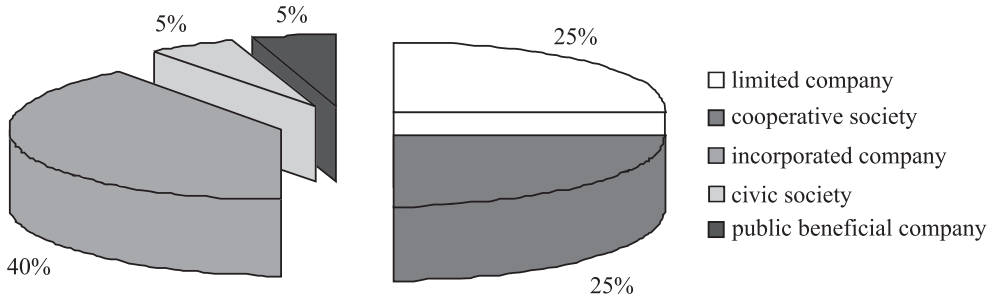


Fig. 1. Distribution of subjects according to their legal status (in %)

Source: own research.

longs to the traditionally most spread branches in the Czech Republic which has not significantly changed even within development in the transformation period. The other branches including tertiary sector was represented only marginally.

The investigated subjects were furthermore classified from the point of view of employee number. The smallest part of the subjects belonged to the category of subjects employing up to 20 employees (there was one subject), whilst the category of employers with up to 100 employees created 20% of all investigated subjects. More than 100 employees had 80% subjects. An important category was created also by the subjects with over 500 employees; a half of all investigated subjects belonged there. From the point of view of employee number mostly bigger companies (65%) took part on the research because 249 and less employees (that means small and middle enterprise) were the case of seven subjects (35%).

Table 1. Barriers in cooperation among subjects

	barriers to establishment of cooperation with other subjects – funding	barriers to establishment of cooperation with other subjects – unwillingness of public service organisations	barriers to establishment of cooperation with other subjects – qualification of workers	barriers to establishment of cooperation with other subjects – suitable partners	barriers to establishment of cooperation with other subjects – bad experience	barriers to establishment of cooperation with other subjects – lack of information	barriers to establishment of cooperation with other subjects – other
answered	17	16	18	16	16	19	0
did not answer	3	4	2	4	4	1	20
Mean	2,12	2,19	1,94	2,38	2,69	2,21	

Source: own research.

One part of the questionnaire was to find out the barriers that hinder cooperation with other subjects. An employer evaluated particular barriers from the given battery with grades 1, 2, 3. 1 stood for “very important”, 2 “important”, 3 “unimportant”,

4 meant that the subjects were not able to pass their judgement on the question. The analysis of the questionnaire has shown (see chart 1) that from the given barriers employers found lack of qualified workers to be the most important problem in co-operation development (on the basis of an average grade given to this category 1, 94), the second most important problem was insufficient financial background (2, 12), then unwillingness of public service organisations (2, 19) and lack of information (2, 21). Bad experience is surprisingly considered as the least important barrier to cooperation (2, 69). It could be regarded as a proof of certain trust and willingness to create relationships among the investigated subjects with other participants of the labour market.

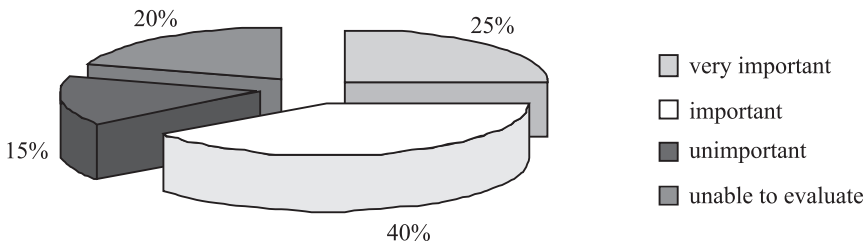


Fig. 2. Evaluation of importance of regional and interfield partnership for improvement in employment rate

Source: own research.

According to the second graph two thirds of employers are convinced that participation in a regional system could be important for improvement in employment rate – 5 of them think that it is very important and 8 “only” important. 3 employers are convinced about “unimportance”. (4 employers were not able to answer this question).

Generally it could be said that a regional intersector partnership in the regional labour market is viewed positively because 13 organisations find it very important or important, while only 3 subjects grade a regional intersector partnership as unimportant. Shown interest refers however to the sphere of the labour market and therefore it could be expected that willingness of employers will change according to the given problems.

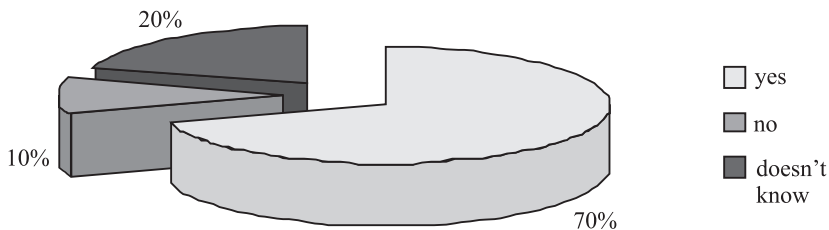


Fig. 3. Interest in participation on regional interfield partnership

Source: own research.

Interest in participation on a regional intersector partnership was stated by 14 employers, 4 did not know and 2 subjects did not show any interest (see fig. 3). Even though there is only a small sample of investigated subjects it could be said that employers show interest in participation on a regional intersector partnership, positive attitude was declared by 70% of respondents.

Certain differences in cooperation preferences can be seen in the research results from 2008 compared to the research results gained two years ago. In the first research interest on participation on a regional system of cooperation was stated by more than half of the investigated employers (53, 5%). This rate rose in the second research up to 70% and at the same time there was decrease in the number of those who do not show any interest to participate from 20% to 10%. The decrease can be found also in the number of those who are not able to assess the interest (from 26, 3% to 20%). It could be stated that participants are now more interested to cooperate in the sphere of human resources and during search for new employees.

### 3. Conclusion

The research has shown that interest of the regional development participants in creation of supporting nets that would increase flexibility of the regional labour markets is relatively high. The investigated subjects are influenced in their evaluation by regional institutional density rate of relevant actors; in case of the labour market it means all participants localized in the region. From the results of the first and the second research it is clear that the employers increase their demand on human resources. Lack of qualified workers is considered as the most important barrier to cooperation. This is influenced by macroeconomic indices, i. e. by the fact that in recent years unemployment rate has decreased to the lowest level in the transformation period and the pace of GDP growth has shown comparatively high figures. Gaining of qualified workers for contact and connection development (that includes also sub-supplier relationships) belongs to the greatest barriers in networking and it has its consequences in development of these participants.

The current programming period in the European Union enables to fund similar development aims and therefore concentration of the germane participants increases not only absorb capacity of regional environment but also the possibility of reaching of higher regional competitiveness. Qualitative development of regional economy is closely connected to public support resources that could initiate creation of long-term formalized as well as informalized nets for example in shape of clusters and interconnection of science and research with a commercial sector.

## Literature

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## ZNACZENIE WSPÓŁPRACY W SIECI POMIĘDZY UCZESTNIKAMI REGIONALNEGO RYNKU PRACY

### Streszczenie

Niniejszy artykuł dotyczy kwestii instytucjonalnych, odnoszących się do rozwoju regionalnego. Oparto się na przykładzie polegającym na ewaluacji uczestników rynku pracy i ich gotowości do uczestniczenia w nim. Tworzenie wzajemnych relacji i powiązań sieciowych wśród tychże uczestników pozostaje pod dużym wpływem zakresu intensywności funkcjonowania i zaangażowania instytucji regionalnych. W przypadku rynku pracy dotyczy to tych jego uczestników, których lokalizacja ogranicza się do danego regionu. Przeprowadzone badania wykazały, że zainteresowanie takich uczestników rozwojem regionalnym i kreowaniem, w jego ramach, wspierających się sieci i powiązań, które mogłyby podwyższyć elastyczność regionalnego rynku pracy, jest stosunkowo wysokie i ciągle rośnie. Na podstawie wyników pierwszego i drugiego etapu badań widać wyraźnie wzrost zapotrzebowania na zasoby ludzkie z punktu widzenia pracodawców, brak zaś wykwalifikowanej siły roboczej uważany jest za najistotniejszą barierę uniemożliwiającą efektywną współpracę.