

**FUNCTIONING  
OF THE LOCAL  
PRODUCTION  
SYSTEMS IN  
BULGARIA, POLAND  
AND RUSSIA**

**THEORETICAL  
AND ECONOMIC  
POLICY ISSUES**



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Edited by  
Aleksandra Nowakowska



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## FOREWORD

Dynamic and developing local production systems (LPS) are considered the success factor in building a knowledge-based economy. The structures are perceived not only as a way to improve the competitiveness and innovation of individual economic operators but also as a mechanism stimulating the growth of entire regions. Networks within LPS help generate and disseminate new economic ideas and information, innovation and experience. The structures are considered the basic form of improving the efficiency of the science and research sector and the innovation of less developed regional and national economies.

Huge interest in local production systems has boosted activities for their development. Creation of clusters and the support for their development have become one of the pillars of industrial, scientific and research, innovation and SME-oriented policies implemented in many countries. Accumulation and concentration of activities and instruments to stimulate the growth of the LPS observed in the last decade resulted in the emergence of a new, separate branch of sectoral policy called *cluster-based policy*.

“Explosion of research” into the idea of LPS in recent years has focused around the circumstances and operating mechanisms of these economic structures. No doubt we may conclude that the number of definitions of the structures equals the number of authors and publications and differences, to which they point are often minor and vague. The idea of local production systems originates from the research and analyses of the French school of regionalists, economists and sociologists. It is almost identical with the idea of a cluster proposed by M. Porter in Anglo-Saxon literature.

On top of that, the idea of LPS is deeply rooted in many theoretical schools and takes from many interdisciplinary research movements. It draws on, inter alia, the Italian concept of industrial districts, French school of research on entrepreneurial environment and innovation or Californian new industrial spaces school of thought. References to the latter can also be traced in considerations over a learning city or a regional system of innovation.

The publication we hereby present belongs to a wide range of such considerations. It derives from research works, discussions and network relations developed within the research community as a result of the Project *Functioning of the Local Production System in the Conditions of Economic Crisis* (FOLPSEC), implemented within the 7th EU Framework Program (FP7-PEOPLE 2011 IRSES). The monograph discusses various aspects and points of view on the LPS based on the experiences from Central and East European countries and from the Russian Federation.

The publication is divided into two parts. The first one entitled *Methodology and operationalization of LPS theory* pays attention to theoretical and methodological aspects of the analysis and evaluation of local production systems. It includes four papers.

The first one by S. Tonkova, M. Kuzmanova, *Indicators for LPS effective functioning measurement* focuses on the efficiency of the LPS. The authors conduct an interesting analysis of various approaches to how the efficiency of economic structures is assessed to finally propose their own idea, which takes account of the plenitude of assessment perspectives (Balanced Scorecard for LPS).

I. Ivanov in the paper *One of possible methodological set of scientific research approaches to LPS* proposes an interesting analysis of clusters. His considerations are presented against the background of the conflict theory, which he uses as a point of reference for the analysis of the essence of clusters. The author suggests the shift in the analysis of LPS operating mechanisms and reorientation of research over the cluster phenomenon.

G. Zabunov, N. V. Gilina in the paper *Institutional conditions for the functioning of clusters* suggest an institutional perspective on how the clusters operate. The authors broadly interpret the importance of institutions for economic growth to further propose the methodology of the analysis of institutional conditions of the functioning of clusters.

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The first block of considerations closes with the paper by O. Burmatova, entitled *Environmental and economic diagnostics of the local production systems on the local and regional level*. The author examines environmental and economic surrounding of clusters. She focuses on methodological issues and proposes an array of indicators, which make it possible to analyse the internal operating environment of LPS.

The second part of the publication, *Policy and regional conditions of LPS' functioning*, analyses regional and systemic circumstances of the functioning of clusters in the countries of Central and Eastern Europe. The authors refer directly to operating conditions of LPS and to experiences from Poland, Bulgaria and Ukraine.

The first analysis conducted by M. Ulbrych *Reindustrialization as a mean of improvement of competitiveness of the European Union* highlights reorientations in the EU industrial policy. The author explains the phenomenon of the third industrial revolution and against this background she shows structural changes in the EU economy. Further she analyses the idea of reindustrialisation in strategic EU documents.

Considerations proposed by Y. Savelyev, V. Kurylyak, Y. Kurylyak, *Benchmarking of cluster-type local production systems in the world economy and Ukraine* illustrate the degree and conditions of clusters development in Ukrainian regions. The authors identify operating mechanisms and the importance of clusters for economic growth stressing the diversity of formats jointly referred to as local production systems. They demonstrate the level of development of clusters, activities aimed at their development and highlight the importance of university – business collaboration within the framework of science parks.

Next three papers discuss the issues of innovation and technology transfer. In the paper *Transfer of Knowledge and Technology in the Region of Łódź*, E. Stawasz explores science and business collaboration arrangements. He analyses the essence of knowledge transfer and forms of collaboration between economic entities and R&D sector. The author also describes institutional environment and barriers to technology commercialisation in the Lodz Region.

Aspects of intellectual property rights are examined in the text by V. Borissova *Intellectual property role for the local production systems efficient functioning in times of crisis*. The author starts with the analysis

of creativity and its importance for social and economic development and analyses innovation and intellectual property as key factors of economic growth. He points out to economic benefits of an intellectual property-based business model and identifies growth trajectories in the times of crisis.

The monograph closes with the paper by M. Lyzun *Technology parks as an element of local production systems formation*. The author starts her considerations with the analysis of the substance of the operations of technology parks to further proceed to experiences and effects produced by the technology parks in various countries. She identifies the role and importance of technology parks for the development of the LPS.

Nowadays, knowledge is generated by scientific circles, in international research teams. To an ever-increasing extent, knowledge is a collective enterprise, the outcome of a set of network relations and partnership and less and less the effect of a researcher's individual effort. Possibilities of scientific collaboration developed by the Project Coordinator of FOLPSEC Professor Stanka Tonkova created a unique climate for the research team and, together with the support and motivation of Dr. Mariusz Sokołowicz, have importantly influenced the final shape of the publication, for which I wish to extend sincere gratitude on behalf of myself and my co-authors.

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