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Networking across borders? - Institutional actors and established structures of economy related cross-border cooperation at the Saxon-Czech border

In the last twenty years, after the Velvet Revolution, a lot of changes have happened in Saxony, Germany as well as in the Czech Republic.

On both sides of the border the political and the economic system has changed rapidly. We want to analyze how the funding of governmental and other institutions influenced the networking activities in this region. This analysis was done from an SME manager's point of view.

The characteristics of the Saxon-Czech border

Besides the border to the Czech Republic, Saxony is neighboring with four German federal states and Poland, which are not focused in this paper. Spatially this border is divided into four Euroregions (from West to East):

- Euregio Egrensis (together with Bavaria and Thuringia), established in 1993
- Euregio Erzgebirge/ Krušnohoří, from 1992
- Euregio Elbe/Labe, from 1992
- Euregio Neisse-Nisa-Nysa (with Poland), established in 1991

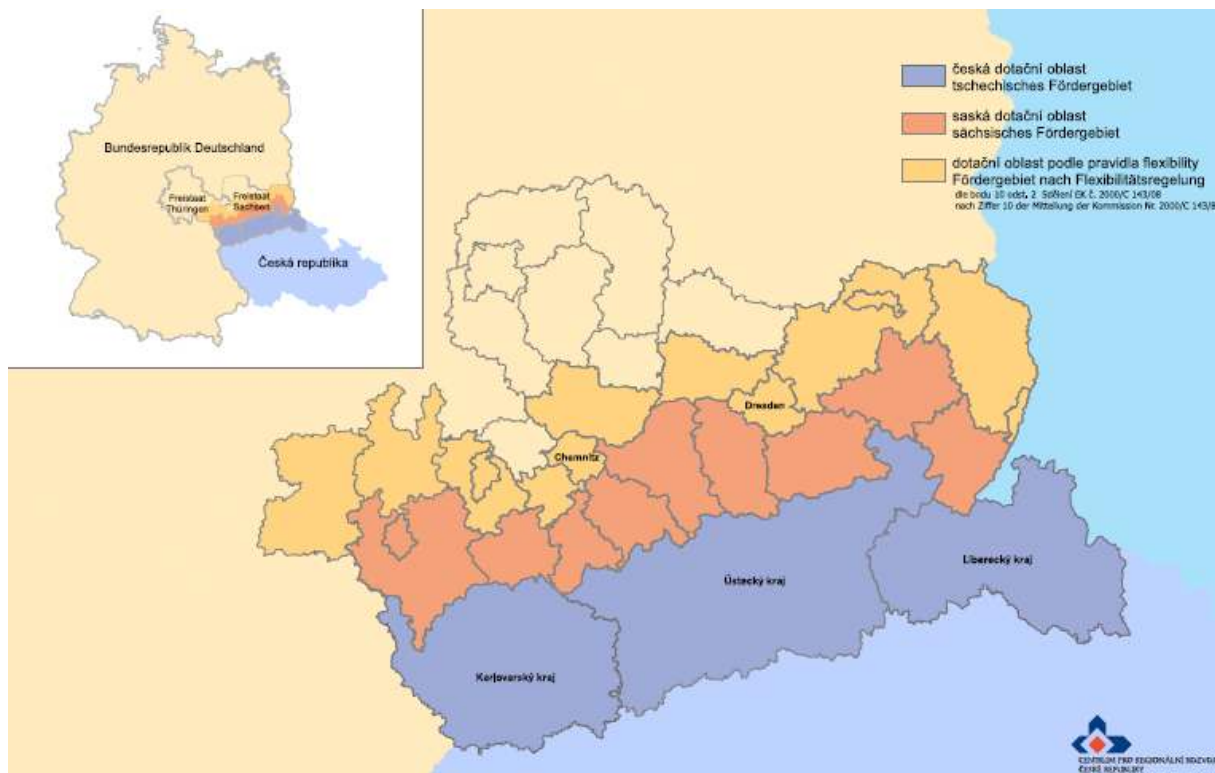


Fig. 1: Map of the Saxon-Czech borderland,¹²



Fig. 2: Map of the Euregio Egrensis³⁴



Fig. 3: Map of Erzgebirge/ Krušnohoří⁵

¹ Centrum pro regionální rozvoj ČR (2006): Dvě země. Jeden program. Zwei Länder. Ein Programm. Interreg III A 2000-2006. Praha. p.5. (Center for regional development in the Czech Republic (2006): Two countries. One program. Interreg III A 2000-2006). Prague. p.5.

² blue – Czech development area, red – German development area, orange – development area depending on the flexibility decisions



Fig. 4: Map of the Euroregion Elbe/Labe⁶



Fig. 5: Map of Euroregion Neisse – Nisa - Nysa⁷

The probably most important spatial distinctive feature are the Ore Mountains, which are forming the border between the two countries over a long distance.

The economy of the region

³ <http://www.euregio-egrensis.de/euregio/euregio.php>

⁴ dark green – Saxony, red – Czech Republic (Karlovarsky kraj), light green – Thuringia, light blue - Bavaria

⁵ <http://www.euroregion-erzgebirge.de/guid/KK1R0JZ9ESGT66ULOMD4JV5CQ/index.html>

⁶ http://www.euroregion-elbe-labe.eu/components/gallery/show_gallery_image.jsp?src=/images/gallery/misc_bigger/s_Karte-EEL-s.jpg

⁷ <http://www.neisse-nisa-nysa.org/index.php?id=63>

The characteristic ownership form found in the contemplated region is small and medium sized enterprises (SME). Based on the historical development different branches have already established in the times of the Soviet occupation on both sides of border. These are for example:

- Textile industry, esp. laces⁸ and multi-color embroidery as well as function-oriented wear and functional textiles
- Wooden handcrafts
- Musical instruments, esp. stringed bowed instruments, harmonicas and brass instruments
- Mechanical engineering and
- Electronic technology

In the Czech part also glassblowing and chemical industry were well-established.

After 1989 some new branches settled in this region, which are:

- Automotive supplier, e.g. airbag production⁹ or electronic support¹⁰
- Micro-technology
- Solar industry

A lot of enterprises came to this region because of the cheap labor force and the supports from the government for founding new enterprises and supporting new technologies.

During the last years the region has had to fight with different demographic problems. In 1989 the big movement of young and educated people to the Western parts of Germany, Austria and Switzerland started in Saxony as well as in Czech Republic, which hasn't completely finished so far.

In the future there will be a lack of qualified workers in this area. The IAB¹¹ for example votes for easier access of foreign skilled workers to the German labor market. Different researches were done to predict the demand of skilled personnel up to 2015. For the next five years the IAB predicts a high demand¹² for

⁸ World wide known: Plauener Spitze (laces made in the area around the city Plauen)

⁹ Takata Elterlein

¹⁰ f.e. electronic window lifts, belt constructions aso.

¹¹ IAB – Institut für Arbeits- und Berufsforschung („Institute for Work and Professions research)

¹² http://www.erfolgreiche.sachsen.de/set/431/Fachtagung_27_11_2007_Beitrag_IAB.pdf

- jobs in connection with the infrastructural development
- metal producing industry
- organizational support, like office managers
- educationalists and social pedagogues
- jobs related to natural sciences

On the other hand only few or no demand will be in jobs like:

- building constructors
- sales agents
- food assistants

These predictions show that the demand for skilled workers will be in those fields where Saxony as well as Bohemia¹³ have their core competencies namely in producing industry. From our point of view it should be the idea to establish sustainable networks to buffer the demand of the next years. Based on this we made the survey about already existing cross-bordering networks in the area of Saxony and Bohemia. The question is to which extend those networks are established and sustainable and in which fields they interact. The first step of the empirical work is an analysis of quality and quantity of existing networks. Our prediction is that there are too many institutions with the same goals and partners. Hence, the efficiency of those institutions is not as high as it could be due to an insufficient competing situation. The next hypothesis is that the networking activities are guided through the current funding possibilities when deciding to cooperate.

The empirical database

The empirical data refers to the situation of an SME, which is trying to get involved in an established cross-border network or wishing to found new cross-border cooperation. We were searching for the different networks existing in Saxony and Northern Czech Republic with cooperation activities in the neighbored region. In the position of a manager you can only find little free information on the internet. It seems to be problematic to get information about the possibilities for funding cooperation or established networks. The PR-activities of

¹³ Northern part of Czech republic

the networking institutions and enterprises are on a low level. Finding enough high-quality material to work with, especially on the Bohemian side, is difficult, too.

Other project executing organizations are different German or Czech ministries, federal ministries of Saxony and the bordering counties and cities on both sides. The lead of a project is regularly given to the EFRE. The amounts of funding other institutions are rather low.

Due to this fact we had a look on programming periods for EU structural funds 2000-2006 (Interreg IIIa) and 2007-2013 (Ziel/Cíl3). The following diagram shows the spreading of the projects benefitted in the Interreg IIIa – period 2000-2006.

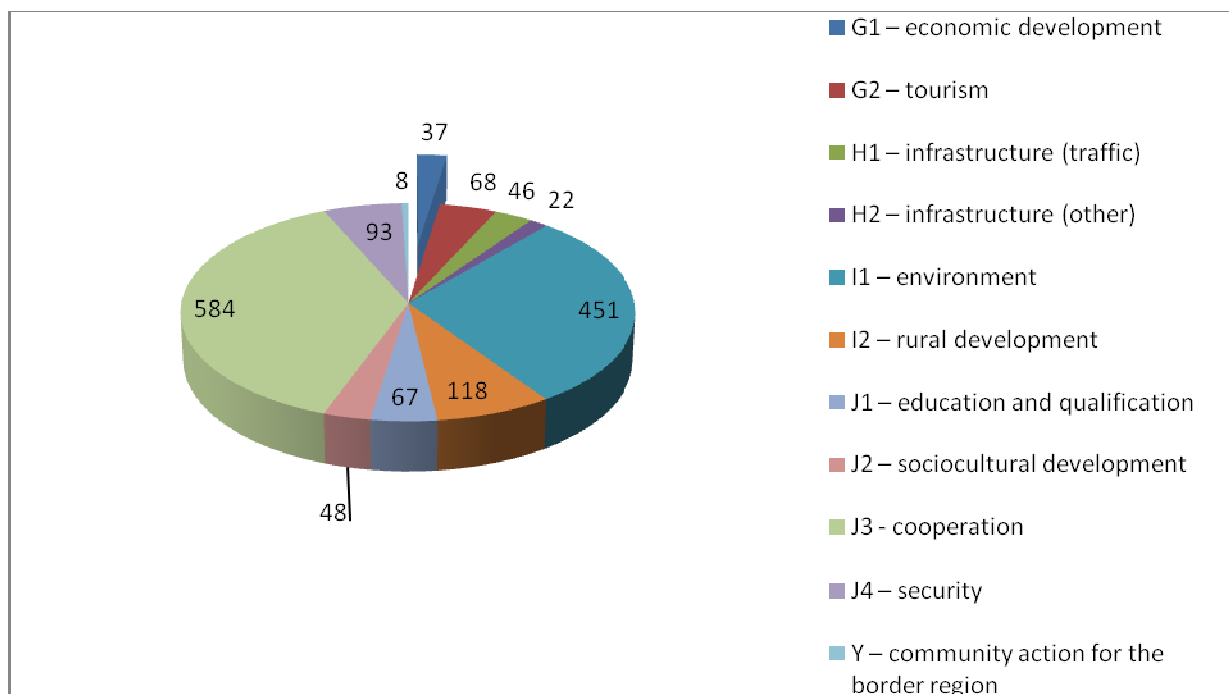


Fig. 6: number of projects financed by Interreg IIIa in 2000-2006¹⁴ (own diagram) (n=1542)

The categorization is based on the project categories classified by EFRE. Goals of projects funded in category G are feasibility studies for and the establishing of cooperating networks to coordinate cross-bordering projects to support the specification of SME in this region. The

¹⁴ Centrum pro regionální rozvoj ČR (2006): Dvě země. Jeden program. Zwei Länder. Ein Programm. Interreg III A 2000-2006. Praha. p.5. (Center for regional development in the Czech Republic (2006): Two countries. One program. Interreg III A 2000-2006). Prague. p.7.

overall goal is to support the capability and competitiveness of the economically underdeveloped border region.¹⁵

The number of projects with relation to the economic development (2,4%) of the region is rather low. In total it is two per cent of the whole amount. This implies that the possibility of financing economic development and implementation of cross-bordering networks is not well known or not interesting for investors. Due to the fact that nearly no project without the support of EFRE is established the second implication can be falsified. It seems that the possibility to get a funding by the European Union for establishing and implementing networks is not well known. Another problem could be that the interested persons could not find enough information online or in appropriate journals or the marketing policy is not sufficiently structured or addressed.

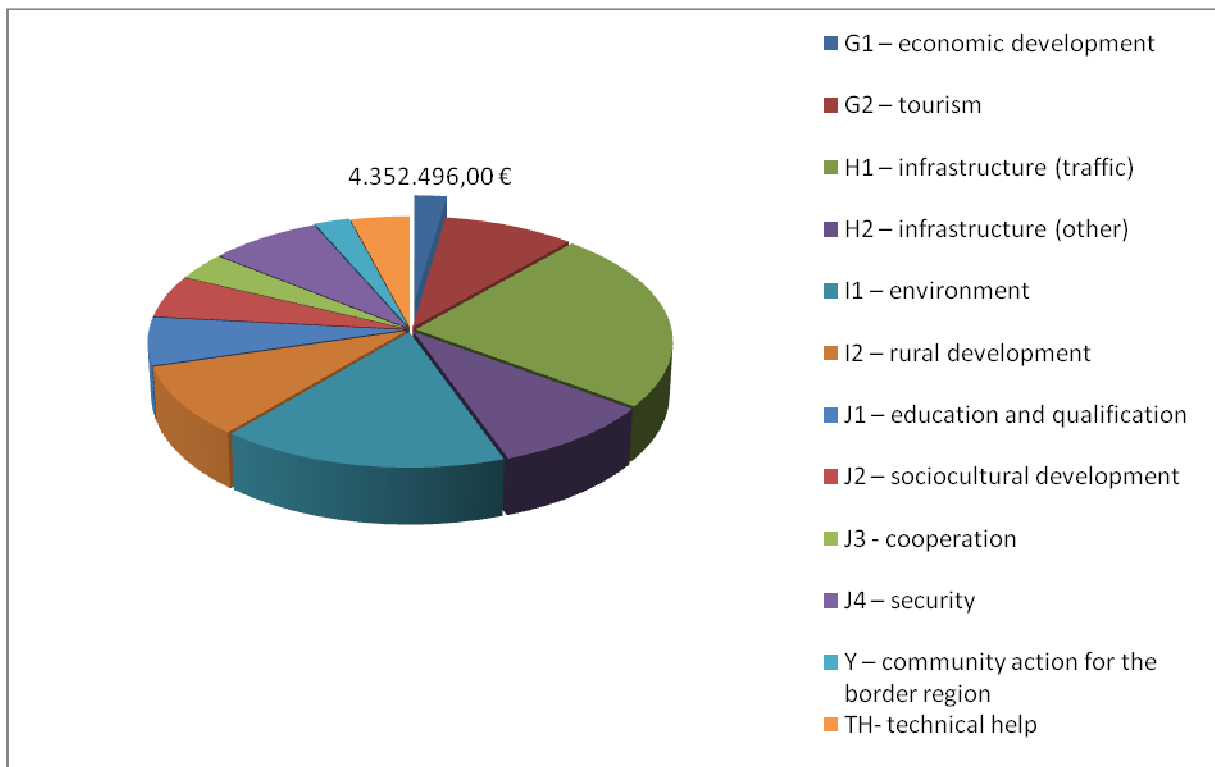


Fig. 7: Distribution of subsidies according to the amount of money classified by the subproject classification of EFRE in Interreg IIIa in 2000-2006¹⁶ (own diagram)

¹⁵ Sächsische Aufbaubank (2006): Jährlicher Durchführungsbericht zum Programm der Gemeinschaftsinitiative Interreg III A 2000 – 2006. Freistaat Sachsen – Tschechische Republik. Berichtsjahr 2006 Dresden. p.29. (Annual execution report for the program for the joint project Interreg III A 2000-2006. Federal state of Saxony – Czech Republic. Year of reporting 2006. Dresden. p.22)

The amount spent for projects in the classification G1-economic development is 2,29% of the overall amount of Interreg IIIa. In relation to the number of projects (2,4%) the subsidy amount per project is close to an average amount.¹⁷ This is quite contrastive to f.e. the sums spent in the category H1: infrastructure (traffic). For 2,98% of the project numbers 23,77% of the money was spent. The development of the border regions infrastructure is giving a big effort for the increase of the border-crossings and the cross-bordering traffic.¹⁸

Now having a look on the numbers in the followers' project Ziel/Cíl 3¹⁹ the situation is a slightly different. As the period of time shows, 2010 is the middle of the subsidy time. The numbers used in this paper are from November 2009, the latest available data. The following diagram shows the number of granted projects up to this time.

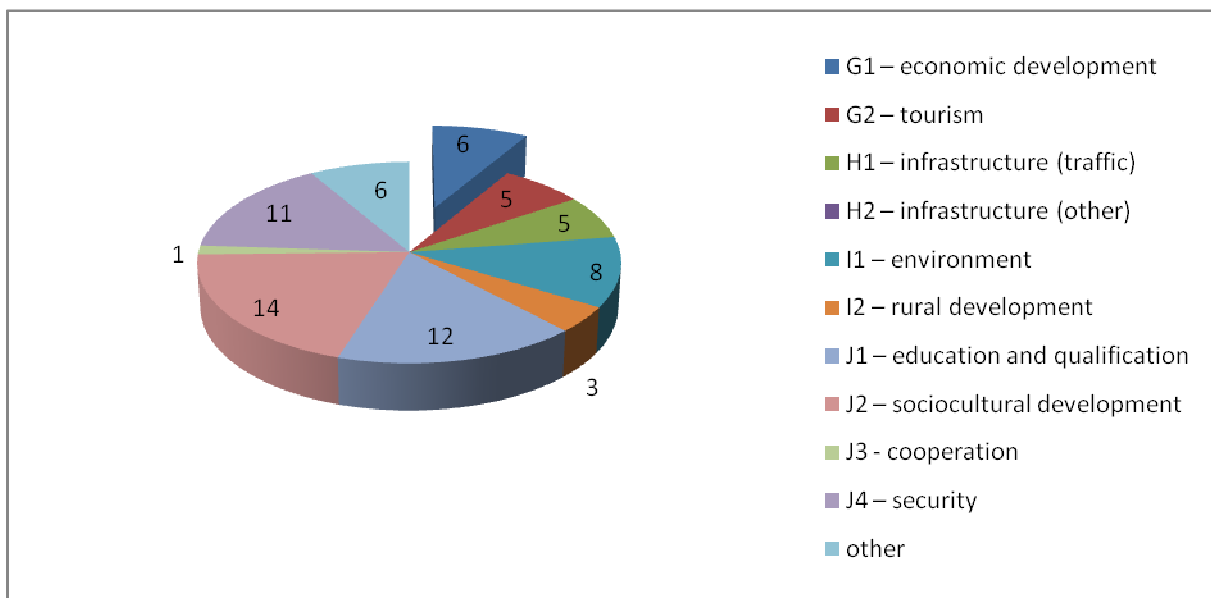


Fig. 8: Number of projects supported by Ziel/Cíl 3 in the years 2007-2013 based on the list of recipients²⁰ (own diagram) (n=71)

It is obvious that the total number of G1-projects for economic development has increased, now being 8,45% of the total number of projects yet confirmed by the European Social Fund.

¹⁶ Centrum pro regionální rozvoj ČR (2006): Dvě země. Jeden program. Zwei Länder. Ein Programm. Interreg III A 2000-2006. Praha. p.5. (Center for regional development in the Czech Republic (2006): Two countries. One program. Interreg III A 2000-2006). Prague. p.7.

¹⁷ Total amount of subsidy in Interreg IIIa: 190.437.431,00€, total number of projects: 1524, average amount per project: 123500,00€, average amount per G1-project: 117635,03€

¹⁸ Sächsische Aufbaubank (2006): Jährlicher Durchführungsbericht zum Programm der Gemeinschaftsinitiative Interreg III A 2000 – 2006. Freistaat Sachsen – Tschechische Republik. Berichtsjahr Dresden. 2006. (Annual execution report for the program for the joint project Interreg III A 2000-2006. Federal state of Saxony – Czech Republic. Year of reporting 2006. Dresden. p.29)

¹⁹ engl.: goal 3

²⁰ http://www.ziel3-cil3.eu/media/de_cs/09-12-12_Beguenstigte.pdf

Having a look on the financial amount of subsidy the projects related to the economic development are lying under the average amount spent for a project up to November 2009.²¹ Up to this date the average amount spent for an economic development related project is 63% of the average subsidy. Having a look on the projects related to traffic infrastructure the numbers increased in total amount as well as in subsidies. The last figures can show a possible trend for Ziel/Cíl 3 funding but don't necessarily have to. In the fields of environmental and security projects the demand on funding seems to decrease immensely. But which implications do these diagrams have on the sustainability of cross-border networks?

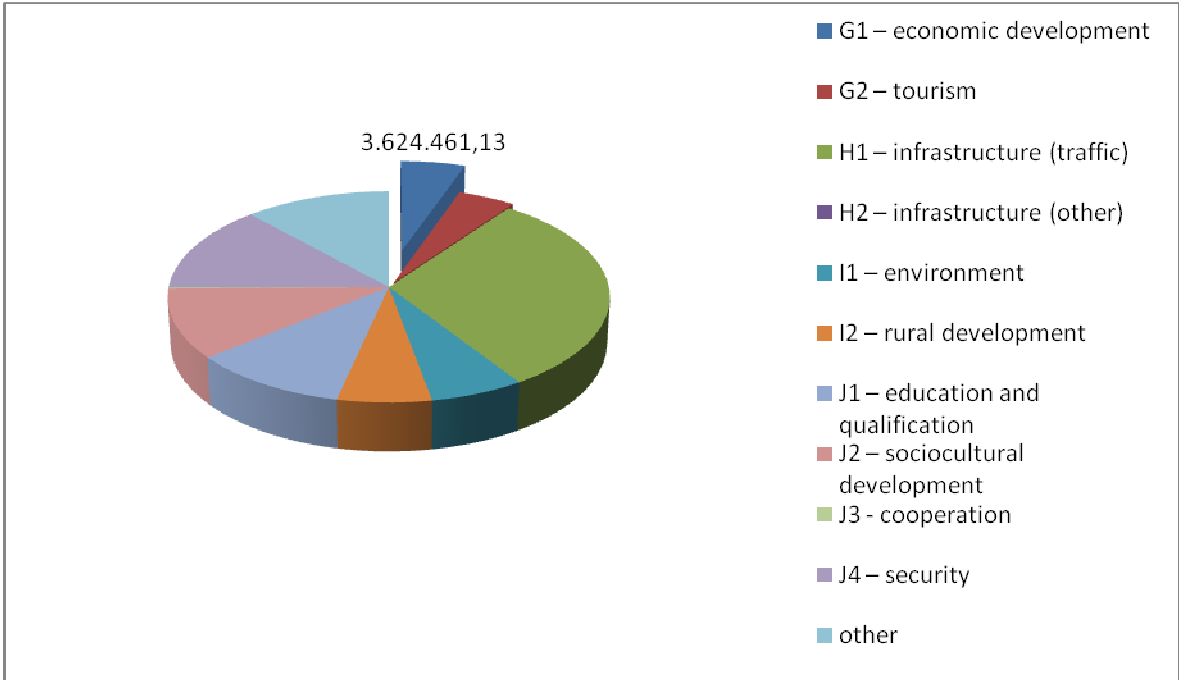


Fig. 9: Distribution of subsidies according to the amount of money in Ziel/Cíl 3 in the period 2007-11/2009

Having a closer look on the projects financed or supported by the EFRE in the category G1 economic development we found a wider spread of projects than expected. Interesting in the sense of sustainability are three projects which applied in Interreg IIIa for a feasibility study. They are located in the fields of textile industry, mechanical engineering and waste management. The project concerning the feasibility of a cross-border network in the textile

²¹ Total amount of subsidy in Ziel/Cíl 3 (in 11/2009): 68037934,80€, total number of projects: 71, average amount per project: 958280,77€, average amount per G1-project: € 604076,86€

industry is subsidized again by the Ziel/Cíl 3. The goals of the "Eurotextile region"²² are amongst others:

- research close to the practical demands and services for stabilization and restructuring of the SME in the region
- establishment of synergy effects through the different nations (Germany, Czech Republic, Poland) and the European Union
- possibility to exchange skilled workers and researchers on all levels of education
- further cooperative research projects.

These are remarkable goals which could be requirements for a sustainable cross-border network. Subsidy is paid for the project part InCoTex where it is planned to establish an innovation center for product and customer orientation as well as conceptualization of an HRM program. This is the only positive example we found in the empirical survey.

Results and outlook

We did not find any remarkable projects in the region in the sense of a sustainable cross-bordering network. Due to this fact we think the cross-bordering networks in the sector of economic development are not established because of the knowledge of their necessity but because of funding possibilities. The idea behind those cross-bordering networks in the area of Saxony-Bohemia needs to be re-thought. The political, social and regional aspects support the base for sustainable cross-bordering networks. Using the resources given on both sides of the border can be a step to work against the demographic and financial problems in the region. Next step in our research will be a closer look to all the 37 project funded via Interreg IIIa and categorize the partners involved in these. The same should be done consecutively with the project partners subsidized in Ziel/Cíl3. Those institutions which applied for grants in both periods and similar fields of project content should be interviewed how they think about sustainability of their cooperation and networks. Further research interests can be done on different levels. On the level of the European Union it would be interesting to analyze the

²² <http://www.eurotextilregion.de/> and <http://www.inntex.de/index.php?id=impressum>

process of decision-making and the actors in the process as well as marketing strategies of the EFRE to promote their funding possibilities. A comparison with cross-bordering networks in the European Innovation regions could give an impact on the contextual factors responsible for sustainability. On the level of the networks it is interesting to investigate the structure of the network and the motivation to establish a sustainable network or not. The level of partners involved in the networks is an interesting field of research, too. What are the structures and relationships between the partners applying for subsidies?

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