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CLUSTERS IN TOURIST TRADE IN CZECH PART OF THE EUROREGION NISA

1. Introduction

Tourist trade branch belongs to the most dynamic and developing industry branches of the developed market economies in the last years[1]. Worldwide the tourist trade branch participates on GDP production with more than 10%. According to World Travel and Tourism Council researches the tourist trade branch participated on GPD production in the Czech Republic with 13.8% and ensured 12.9% of total employment. Total foreign exchange incomes share from tourist trade branch generate more than 14% of total Czech export. Liberec region belongs to the more attractive ones in both domestic and foreign attendance (4% and 7th place in interregional comparison). Liberec region also behind the Královéhradecký region ranks 2nd place in the accommodation capacity. Average tourist staying is about 20% longer than average value for whole Czech Republic. However innovation activity in services significantly lags behind and 11% of innovative firms line up the Liberec region to the 12th place in interregional comparison. Destination advantages is variety of the tourist regions, f. e. Jizerské Mountains, middle and west Krkonoše determine active summer and above all winter tourism, Bohemian Paradise and Mácha´s region are proper place for cognitive tourism in the summer season.

[1] According to UNWTO data the tourist trade branch has recorded 7% annual growth during the last 50 years. Branch extention is 3rd worldwide behind oin and automotive industry. Worth mentioning direct and indirect effects of tourist trade on the European economic achievement with 10,9% share (in UNWTO estimation above mentioned share exceed 12% in 2016).

Although tourist trade seems to be the permanent growth branch with still unfailing absorption capacity, it faces to keen international and interregional competition as well. The keen competition demands quality, complex and attractive service offer in the region. Quality and complex services would be determined by cooperation of tourist trade subjects – profitable, non-profitable and municipalities, i.e a creation of functioning cluster with interested SMEs[2].

Cluster is defined as a regionally placed association mutually connected entrepreneurial subjects, specialized suppliers, services providers, companies in related branch, and associated organizations, which are competing each other, but on the other hand cooperating and its connections has potential to strengthen and to increase its competitive advantage. Clusters are aimed to some certain sectors, branches, and/or products with very high density of interdisciplinary interactions and together are joined by customer –supplier relationships, common technology, common customers and distribution channels or common labour markets and human capital [Skokan 2002].

The most significant cluster economic contributions are:

- Economic results, improvement of companies joined;
- Increasing amount of innovations (products/processes);
- Initiation of the new product creation and development;
- Better availability of capital and funds;
- Support of regional development.

Cluster is platform for cooperation of member subjects in the following area:

- Product,
- Cost,
- Marketing,
- Education and consultancy.

Activities and contributions of tourist trade cluster:

- Formation of visions, strategic documents and operating plans and their fulfilment,
- Coordination of tourist trade subjects cooperation, communication,
- Propagation of the region,
- Analysis elaboration (visitors' profiles, project monitoring, new projects achievement,
- New tourist products creation, administration and actualization of current products,
- Cooperation with other regional and nationwide institutions in tourist trade branch, monitoring of changes in legislation, tourist trade trends,

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[2] SMEs = small and medium enterprises.

- Human resources development, education, training to improve employees professionalism,
- Formation of databases, actualization and administration of complex tourist trade portal,
- Information service including interconnection and coordination of tourist information centres activities,
- Tourist products sale.

2. Tourist trade subjects proper for cluster participation

These subjects are public and private (non-profitable and profitable). Entrepreneurial (profitable) subjects can not miss, although their involvement is much more problematic. Just entrepreneurial subjects should be involved into creation of tourist product. Incomes generate by tourist trade are hefty revenues of private subjects therefore is their involvement to the similar projects necessary – it increases each investment rate of profit. As a rule, they are SMEs, which is needed to pay an extraordinary attention.

Indirect economic result of tourist trade development is fact that entrepreneurial incomes are partly (by the mean of tax payment or guest fee) draw off to public sphere and appears in the public (municipal) budget from which may be further public utility and non-profitable activity funded. So the tourist trade development determines municipal social-economic development. More so increasing visit rate has pushed on tourist trade and consequential services (whose are using by domestic people as well) quality improving – investment to product innovations, reconstructions etc. can be funded by increased revenues (profits).

2.1. SMEs – private subjects in tourist trade

Micro, small and medium-sized enterprises are socially and economically important. They represent 99% of an estimated 19.3 million enterprises in the EU and provide around 65 million jobs representing two-thirds of all employment.

In OECD countries, SMEs represent over 95% of enterprises in most countries and generate over half of private sector employment [http://siteresources...].

A significant section of SMEs in developing countries remain in traditional activities generally with low levels of productivity, poor quality products, serving small, localized markets. There is little or no technological dynamism in this group, and few graduate into large site or modern technologies.

The attention, which is paid by economists and politicians just to SMEs, appears as legitimate, namely in terms of a market structure of the national economy as a whole, in terms of an economic structure and development of particular regions as well.

In 2000[3], The European Charter for Small Enterprises calls upon the member states and the European Commission to take action to support small enterprises in ten key areas. The Charter covers a wide range of areas affecting the small business environment; it provides a good overall structure to regional policy in favour of small enterprises.

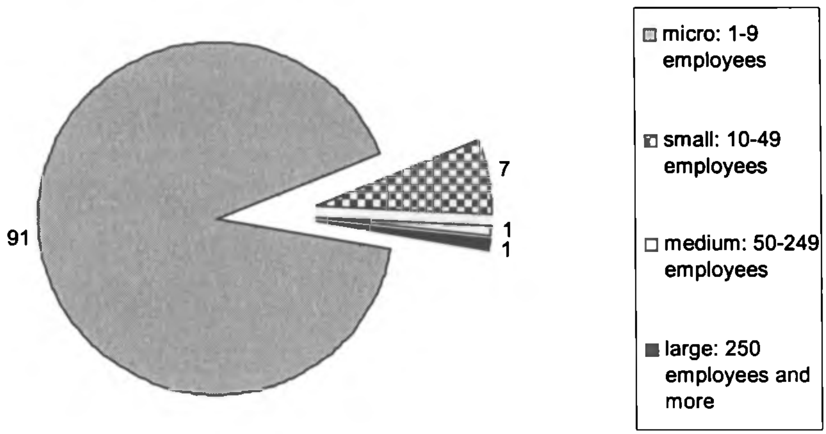


Fig. 1. Enterprises structure according to their size in the EU in 2005 (%)
Source: [http://ec.europa.eu/enterprise/smes...].

The optimisation of the SMEs behaviour in Europe of regions

The recent stage of the Europe development is connected with a massed integration of the national economies into the European Union. It is beyond reasonable doubt in this connection that an importance of the national economies as partial entities decreases.

No doubt, it is one of the moments of a more intensively enforcing globalisation. This fact bears not only strengthening, but also an absolutely new conception of the regionalism, and it creates specific conditions for the cluster functioning.

Howevers, a creation of regions does not need to respect the former national state border quite. On the contrary, it creates absolutely new economic entities. And namely in these frameworks, the operating firms must optimise their behaviour. For simplicity, assume their classical motivation, it means a pursuit of the profit maximisation.

The market structure of newly formed regions

In the first instance, it is necessary to answer a question: Which market structure represent newly formed economic regions? The reality indicates the monopoly

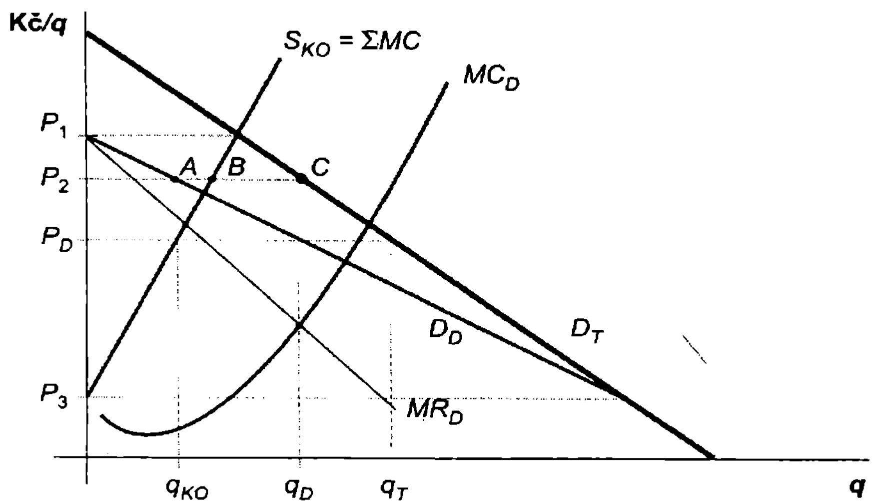
[3] The candidate countries followed suit in 2002 (the Maribor Declaration) and the countries of the Western Balkans in 2003 (the Thessaloniki Summit) [http://ec.europa.eu/enterprise/enterprise...].

of one producer occurs only extraordinarily. This form – whether such monopolies produce in a region, or they are only alone sellers – stay on the margin of interest. (Although: an exception acknowledges rule.)

It would be naive to assume that the regional market reality gets near to the perfect competition. Excepting rare products, it is not even monopolistic competition.

The oligopoly with a dominant firm represents the most frequently existing variation. Put the question: Who is the dominant firm? At as rule, it is a subject providing in more national economies, resp. their parts, and so in a region simultaneously.

We can see them as large travel agencies. The purely regional firms provide next to them at as rule, and no insignificantly, offering originality, no uniformity of production and so on. The reality of such a production in the market shows fig. 2.



Explanatory notes:

S_{KO}	–	supply of a competition hem equal to the summa of an increasing part of their marginal costs,
MC_D	–	marginal costs of a dominant firm ,
D_T	–	total market demand,
D_D	–	demand of a dominant firm,
MR_D	–	marginal revenue of a dominant firm,
P_D	–	price determined by a dominant firm,
P_1	–	price whereat firms of the competition hem would produce all the production,
P_2	–	presumable selected price whereat the points A, B, C determine the demand for products of competition hem, for products of a dominant firm, and for all the production,
P_3	–	price whereat firms of the competition hem would not produce any production,
q_{KO}	–	product quantity of a competitive hem at the price P_D,
q_D	–	product quantity of a dominant firm,
q_T	–	total product quantity at the price P_D.

Fig. 2. Oligopoly with a dominant firm

Suorce: [www.mpo.cz].

The point of intersection of MC_D and MR_D presents a filling of the gold rule of a profit maximisation. It results from figure No 1 a dominant firm determines its price on the base of the gold rule of a profit maximisation and it optimises its product quantity.

So-called competition hem – so hereto considered regional firms – produces at a price on the level P_D, which must respect more or less, if they do not want to lose their customers, a quantity in the interval from q_D to q_T.

If a dominant firm would decrease its price on the level P_3, than it would cover up the market with its products, and regional firms could not develop their economic activity in the branch.

On the contrary, if a price would be on the level P_1, resp. higher, a customer would not buy uniform products of a dominant firm, and he would prefer products of the competition hem, i.e. of regional firms, absolutely. However, none from these extremes is not in the economic reality probable.

Therefore, regional firms have an area for their existence, and – as price receivers – have a chance to optimise their product quantity and in terms of this case to influence used technologies too.

Really, they are in a special position, because the price is given in the same way like in conditions of a perfect competition, but a saleability of products is limited, how it is common in the conditions of an imperfect competition.

Hence, the only one chance for their increasing profit (without an influence of a price change at the hands of a dominant firm) is a positive technology change. So, the technology development is assured with market stimulus.

We can see as positive the fact that customer prefer non-uniform products, which are connected namely with regional firms′ production (i.e. SMEs), especially in connection with the increasing purchase power of the EU-citizens as a whole.

And more over, these firms press down a market price of oligopoly products – at the above mentioned application of technology change -, and they increase a rate of competition hem products in the market. Herewith they increase alone their profit, which is a source of tax incomes of state and/or region and/or municipality subjects on the other hand.

The SMEs influence on macroeconomic indicators

In terms of a SMEs influence assessment on the national economy is obvious that – on the one hand – their number affects an influence rate positively, on the other hand we must see the average performance of large enterprises is higher beyond compare.

However, no enterprise average parameters, but namely indicators of SMEs as a whole group are needed to consider in the assessment of their influence on macroeconomic indicators.

The following figure 3 and 4 illustrate the development of the SMEs position in the national economy.

We can see their share in employment (in long term more over 60%), since 2001 a dynamic increasing share in investment and an inconsiderable share in GDP (more then 30%) – see fig. 3.

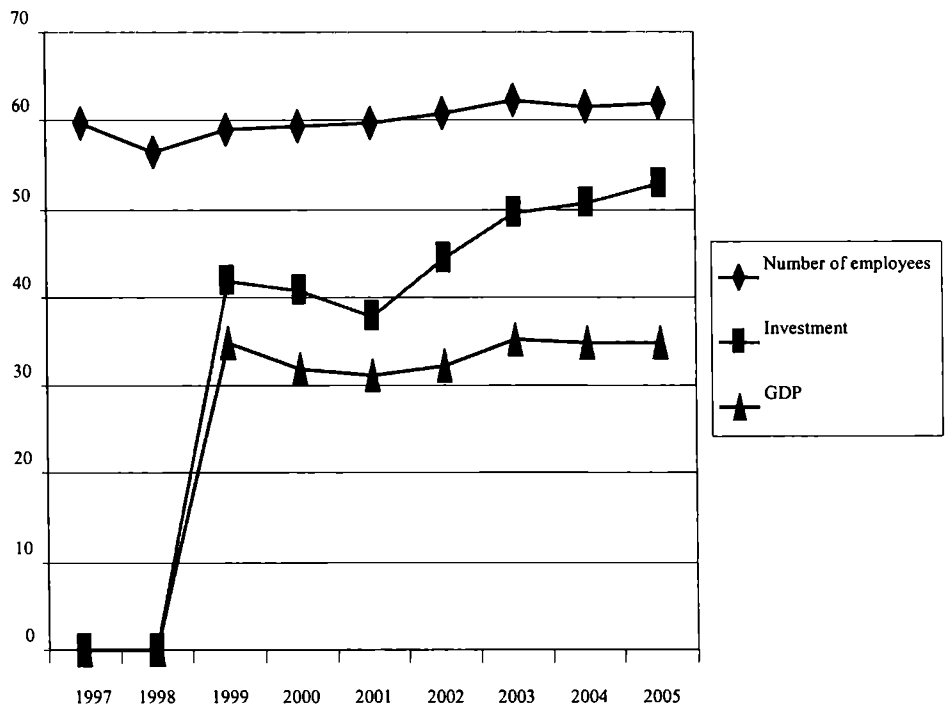


Fig. 3. The development of the SMEs share in selected macroeconomic indicators in the Czech Republic

Source: [www.mpo.cz].

The SMEs share in import and export evidences that SMEs are not economic subjects of "closed economy". The SMEs share in import got near to 50% in the Czech Republic in long term 1997-2005. Even in 1999, 2002, 2004 and 2005, the limit was got over. The export quantity is approximately 10% lower, but nearly 40% limit reached in 2005 is a respectable share.

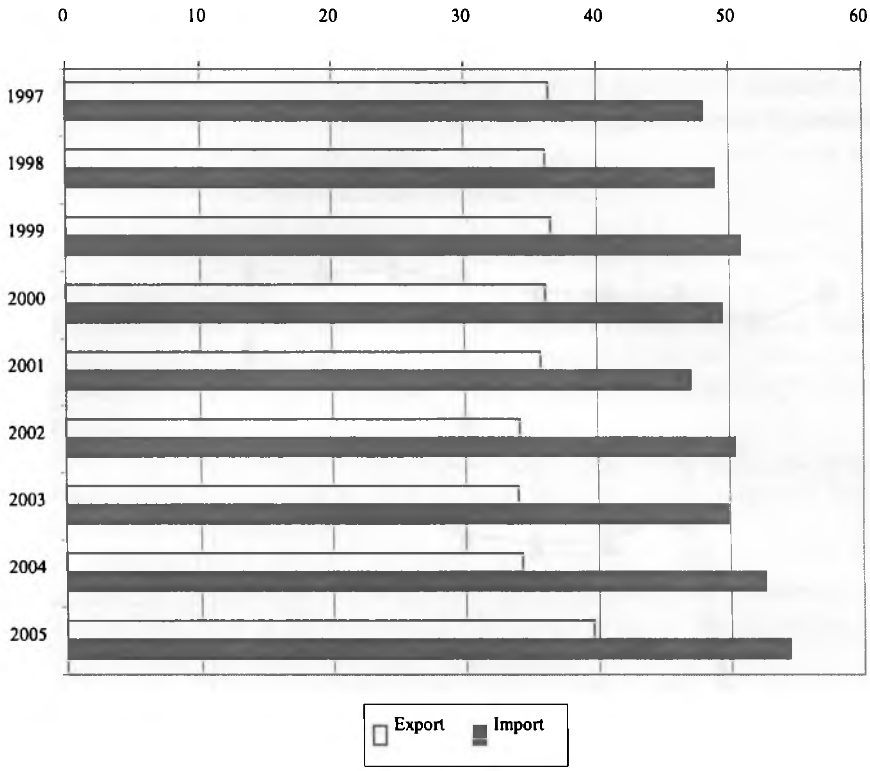


Fig. 4. The development of SMEs shares in import and export
in the Czech Republic (1997-2005)

Source: [www.mpo.cz].

2.2. Public subjects in tourist trade

Regional authority

Regional Authority carries political responsibility for the district development defined by legislation and decides about public sources treatment priorities. Strategic document of Liberec region in tourist trade branch (department) is Tourist Trade Developing Program for years 2007-2013 which supporting tourist trade subjects' cooperation a tourist product creation in its priorities No. 1, 2 a 4.

Priority 1: Tourist Product Creating and Preparing Support

Priority 2: Tourist Trade Marketing Support and Human Resources Training in Tourist Trade

Priority 4: Tourist Trade Organization Structure Building Support

Action 4.1: Tourist Information Centres Building and Proceeding Support

Action 4.2: Tourist Partnership Creation Support in the Tourist Regions and Subregions

Central managing model in tourist trade branch does not exist at the time. Regional Authorities approaches are different. Tourist trade is coordinated by larger number of private and public subjects; some of them cooperate on a very good level. Regional Authority should dispose by tourist trade expert, liberal employee who would be contact and responsible person for other tourist trade subjects, able to promote tourist trade interest by the Regional Council. Regional Authority is very important partner, could be cluster facilitator as well.

Tourist region deputies

Tourist regions these are situated in the Liberec region territory:

Tourist Region "Českolipsko"; Tourist Region "Jizerské hory"; Tourist Region "Český ráj" and Tourist Region "Krkonoše".

The role of tourist regions in the cluster pretty correspondent with the role of microregions, local action groups and municipality alliances (see bellow).

Microregions, municipality alliances, local action groups

There are 26 micro-regions and 13 local action groups on the Liberec region territory. The activities of these partnerships whose are skilled of local conditions and together close decision centre is participation on significant projects and searching for suitable partners from private sphere (entrepreneurs).

Euroregion NISA

The Euroregion Nisa covers by its activities another territory and exceeds the state border.

Tourist Information Centres (TIC)

The TIC role in the cluster consists of collection of information about events and visitors in the circumscription, creation of databases and their actualization, research making, cooperation with the other TIC.

Non-governmental Non-profit Organizations (NGO)

The task of NGO involvement into cluster consists of initiation and realization of developing projects, new tourist product creation in cooperation with entrepreneurs, professional support and advice of intentions.

Educational Institutions

Their importance in cluster engagement consists namely of human resources development.

3. Conclusion

The significant presumption of sufficient development of tourist trade branch in the market economy is existence of functional partnership. Founding of cluster is long-term a financial demanding task. Except the personal costs it is necessary to count with cost of virtual environment form communication, separate tourist trade portal which would serve not only regional visitors but above all current and potential members of cluster. Tourist trade organization must dispose of facilities, employees and e-administrator. Financing of such a pioneer activity only by private sources with view of all risks is unlikely. It is possible to fund the facilitation of cluster with public sources. In the EU program period 2007-2013 the partnership projects will be supported by structural funds. According to Regional operating program NUTS-2 North-east[4] there (Action 3.2) is allocated in total amount of 11,553,654 EUR (roughly 330,376,736 CZK[5]) for marketing and coordinating activities in the tourist trade. Maximum of public support is 85% of total costs accepted (non-profit projects realized mostly by public sphere), so the rate of co-financing is 15% of total number minimally. The competent applicants are Regional Authority and its allowance organizations, municipalities, municipality alliances, NGO and interest organization of corporations. Minimum of project costs accepted amounts 1,000,000 CZK. Entrepreneurs are competent applicants as well, their rate of public support is maximally 60%.

The other funding source for tourist trade cluster or partnership of entrepreneurial and public subjects is Operating Program of Cross-border Cooperation Czech Republic – Poland and Czech Republic – Saxon which concern only cross-border regions cooperation.

Institutional partnership must be financial sustainable after the public financial support finishing. Above mentioned could be serious problem in the case of uncontrolled partnership project with functionless organization. That is why it is necessary to solve possibilities of cluster (partnership) subsequent financing in advance. The support of SMEs takes its place here.

The SMEs create an inconsiderable part of the market economy structure with an important influence on macro-economic indicators.

The monitoring their benefits for region is necessary to start from their position in the framework so-called a competition hem and encourages presenting for other economic subjects of the region, including large enterprises with the position of dominant firms.

The SMEs in a position of the competition hem shows out anti-inflation effects demonstrably.

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[4] 3 regions belong to NUTS 2 North-east: Pardubický, Královéhradecký and Liberecký.

[5] It is converted according to current EURO/EZK exchange rate of the Czech National Bank 19. 6. 2007.

The SMEs benefits for region are directly:

- they produce goods and services,
- they are employers,
- they are included in supplier-customers relations and they support the activity of other economic subjects on the offer side,

and indirectly as well:

- a part paying taxes of them includes into the budgets regional public administration authorities,
- these tax enable to ensure public goods for the region,
- the infrastructure of the region ensured by SMEs help to regional public authorities at an influence on the standard of living in the region,
- above mentioned the anti-inflation effects.

It is obvious from these mentioned selected moments, the SMEs support in the economic and regional policy framework is rightful and rational, namely in connection with this fact: the market regulation itself malfunctions in consequence of the imperfect competition.

Actually, a question stays: the methods and forms of this support, its implementation as a system, as well as in particular case to do not increase a dangerous of non-efficiency disproportionate, which is each support in the framework of public resources redistribution in connection with.

A care on the enterprises environment is very important in the SMEs support framework. However, it is not a spending public financial resources, respectively their redistribution to all intents and purposes, but more likely removing obstacles and sizes disabilities of the SMEs.

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KLASTRY W RUCHU TURYSTYCZNYM W CZESKIEJ CZĘŚCI EUROREGIONU NYSA

Streszczenie

Referat poświęcony jest partnerstwu instytucjonalnemu, które określa się mianem klastra, w odniesieniu do ruchu turystycznego w regionie Liberca. Jakość i kompleksowość usług zostanie zdefiniowana na podstawie współpracy podmiotów ruchu turystycznego – podmiotów nastawionych na zysk, niekomercyjnych oraz komunalnych. Poziom współpracy w regionie Liberca wydaje się niezadowalający. Konsekwencją tego jest słaba jakość kompleksowych produktów kształtujących ruch turystyczny oraz niski poziom usług związanych z informacją turystyczną. Organizacja, która byłaby odpowiedzialna za ruch turystyczny w regionie Liberca oraz zajmowała się długookresową i skuteczną koordynacją powyższych działań, praktycznie nie istnieje. Warunkiem zmiany takiej sytuacji jest uaktywnienie prywatnego sektora w postaci klastra, którym byłyby małe i średnie przedsiębiorstwa (MŚP).

Skuteczne funkcjonowanie MŚP jest uzależnione od środowiska gospodarczego, w którym działają, ich pozycji w strukturach rynkowych, a także wsparcia, które uzyskują z Unii Europejskiej oraz państwa. Z drugiej zaś strony działalność MŚP to korzyści nie tylko dla gospodarki narodowej – a także unijnej, prowadzonej w duchu strategii lizbońskiej – lecz przede wszystkim dla tego regionu, w którym dane MŚP funkcjonuje. Celem niniejszego referatu jest podkreślenie znaczenia MŚP dla klastrów unijnych (dla Europy regionów) z punktu widzenia gospodarki Czech.