

INDUSTRIAL STRONGHOLDS IN THE EU

The Cases of Katowice and Ostrava¹

by Jeppe Juul Petersen (Copenhagen)

First publication.

1 In conceptualising the two regions, the focus is on the Katowice and Ostrava agglomerations. The two cities have an important role for the overall economic development; moreover, the two cities have a central position in the EU governance system.

2 Keune, Maarten (Ed.): Regional Development and Employment Policy. Lessons from Central and Eastern Europe. Geneva: International Labour Organization 1998, p. 267.

3 Sucháček, Jan: Regional Decline and Restructuring in Ostrava Agglomeration and Katowice Conurbation. Ostrava: VSB-Technical University of Ostrava 2005, p. 22.

4 Cf. <http://www.dynamicregion.cz>.

5 Interviews and field studies were carried out in Ostrava 2005-2006 and at the Institute of International Relations in Prague.

6 Sørensen, Eva/Torfin, Jacob: Netværksstyring fra government til governance. Frederiksberg: Roskilde Universitetsforlag 2005, p. 87f.

7 Fay, Robert G.: Enhancing the effectiveness of active labour market policies. Evidence from programme evaluation in OECD Countries. OECD Labour Market and Social Policy Occasional Papers, No. 18. Paris: OECD Publishing 1996, pp. 6-23.

8 Olsen, Johan P.: The Many Faces of Europeanisation. 2002, p. 1-2 http://www.arena.vio.no/publications/working-papers2002/papers/wp02_2.htm#_ftn6.

9 Keune 1998, p. 71.

Countries such as Poland and Czech Republic have undergone multiple transformations. Since the breakdown of communism, the two countries have undergone a metamorphosis subsequent to the transition from socialism to capitalism and democracy.² The two national governments have taken measures to transform their respective institutional systems in the lead-up to their accession to the EU on May 1, 2004. Throughout the span of socialism, the centrally planned economy alone regulated the labour market and the organizational settings. The regional and local governments of the two countries fulfilled their role in accordance with the scrupulously planned policies. In order to transform the socialist regimes, significant administrative and managerial responsibilities have been transferred from the level of the central state to the regional and local levels. Even today such processes are part of the decentralisation process in Poland and Czech Republic and the key actors are positioned at the forefront of the institutional settings being the welfare providers in the two countries.³ The transition and the developmental path have evolved efficiently and been targeted specifically within the context of the EU. Nevertheless, the consolidated socialist beliefs imply that current expectations and regional circumstances make it more difficult to change and initiate new organizational processes congruent with a post-modern administrative context. Thus, the overall aim of the present article is to illustrate how the EU has used transformative powers and initiated multiple transformations in the regional and local scenery. In addition, it is worth pointing out how the institutional legacies of previous industrial stronghold such as Katowice and Ostrava restrain the implementation of the active labour market policies. Even though the active labour market policies should generate new occupational conditions, unemployment is significant in the two regions.⁴ The essential analytical approach aims to identify explanatory potential in order to see how the processes of institutionalisation are manifested within the regional and local context.

Methods

The study is supported by a moderate social constructivism. Moreover, the empirical findings rest on qualitative interviews from numerous experts on labour market issues and regional development.⁵ These are seen as representative of the Polish and Czech labour markets and can illustrate some of the dynamics that influence the socio-economic conditions in Katowice and Ostrava.⁶ The epistemological approach can explain the discordance between the formal and informal institutions and the implementation of the active labour market policies.⁷ The core focus is on active labour market policies and ›job-search‹ (understood broadly) assistance at the regional and local level. Active labour market policies differ widely in their objectives and their impacts. However, essential questions such as »what works?« and for »which group?« are necessary for the evaluation of policies. Some programmes may be administered at the central state level, whereas others are administered at regional or local levels. ›Job-search‹ assistance appears to be the most effective intervention at the lowest cost, though this policy is often combined with other labour market measures. At the same time it is deliberately capable of reworking other elements in creative ways, and successfully incorporating pertinent suggestions derived from other sources and paradigms.

The concept of Europeanisation is a rather vague concept; it has however been argued that it can be useful as an organizing concept.⁸ The objective of the article depicts how central national systems of governance in Poland and Czech Republic have emerged in response to Europeanisation and regionalisation. Since the entire transformation period has been absent from comprehensive regional policies, this article explores how macrostructures embody the heritage of socialist times.⁹ The EU regional policies emphasize cooperative ventures and joint ventures, which accentuate the construction of endogenous regional development.¹⁰ Therefore the article attempts to examine how the move from exogenous approaches towards endogenous development is experienced at the regional level in the two former industrial strongholds.

10 Barczyk, Zygmunt/Ochojski, Arthur (Eds.): *Entrepreneurship Governance Local and Regional Development*. Katowice: Karol Adamiecki University of Economics 2005, p. 45.

11 Lajh, Damjan: *Responses to the processes of Europeanisation and Regionalization. Domestic Changes in Slovenia, Perspectives*. Prague: Institute of International Relations 2005, p. 44.

12 Olsen 2002, p. 8.

13 March, James/Olsen, Johan: *Democratic Governance*. New York: The Free Press 1995, p. 245.

14 March/Olsen 1995, p. 8-12.

15 March, Johan/Olsen, Johan: *Rediscovering Institutions. The Organizational Basis of Politics*. New York: The Free Press 1989, p. 160.

16 March/Olsen 1995, p. 180.

The EU embodies an additional catalyst for the emergence and development of new networks.¹¹ Having completed the accession process of the EU and attained membership, the Central and Eastern Europe regions are principally understood as equal participants in a non-hierarchical system of policy negotiations. This is characterized by the variable networks of participating actors, from member governments, to public and private, individual and collective actors. The extension of the organizational capabilities for collective actions is essential for the success of the active labour market policies. This is carried out with the development of recognizable concepts and norms that provide shared meaning and collective understanding.¹² The intention of this article is to focus on the development of shared meanings and norms; additionally, to understand how these affect the collective understanding and participation on the labour market. Moreover, the hypothesis of this article will discuss the discordance between formal and informal institutions. The depicted regions are former industrial strongholds which could imply that the cultural heritage and institutional settings are incompatible with the self-organizational networks in the regional context.

In addition, the theoretical framework supported by the political ›new‹ institutionalism suggested by March and Olsen in their 1995 work *Democratic Governance* demonstrates how the regional and local contexts are experienced. This sociological perspective emphasizes certain norms and cultures, maintaining a continuing concern about issues at the core of public matters.¹³ The two industrial strongholds constitute a range of ambitious conditions in view of the fact that previous norms and cultural heritage restrain institutional re-organisation. Consequently, the article focuses on the two regions labour markets and the new developmental trajectory of a post-modern and EU- governance system. March and Olsen have had support for their concept of ›logic of appropriateness‹, which is a normative demand on the actors of the society. In addition, this contrasts with the strategic actor and the rational choice varieties of the concept of the ›logic of consequentiality‹.¹⁴ According to March and Olsen, institutions define what is seen as appropriate behaviour. Institutions define a framework of references for actors in diverse contexts in approximately every situation that may arise, »Political institutions are collections of interrelated rules and routines that define appropriate actions in terms of relations between roles and situations.«¹⁵

The feature of this theoretical framework is that processes continue to determine the characteristics of what a situation is, defining what a role is, defining what and how a role is going to be fulfilled, and the different kind of obligations that are subsequent to the following role. Fulfilling the obligations that come with the role is initiated by previous socialisation. Essentially, the logic we employ when we apply means to goals, expecting certain outcomes from actions, comes as a consequence of fulfilling the preferences that lie behind the goals. Despite the institutional coherence and variations in autonomy it is important to verify a collective acting coherently. March and Olsen define these properties: »Democratic governance involves [...] organizing the processes of politics around discussion and respect in the service of a community of reasoning equal individuals, rather than around power and distrust in the service of selfishness and privilege.«¹⁶

In addition to public policy and regional and local governance, the above quotation is important for the present article. Institutional analyses of the labour market as systems of control are applicable to analyses on a larger scale. Hence, these imperatives relate to the transformation of the labour market in Katowice and Ostrava. Traditionally, policy analysis takes as its starting point the exogenous factors such as national legislation and then traces the public policy processes in the course of the hierarchical chain. In that logic, governmental capabilities, government, and administrative organizations have precedence over the welfare state and the labour market.

In contrast, this article takes a post-modern approach that recognizes the increasing fragmentation in the society. A ›bottom-up‹ approach to the labour market policies is offered in order to see how the ›transformative powers‹ have initiated the endogenous development in Katowice and Ostrava. These are seen as the main obstacles for the regional governance and implementation of the active labour policies. Nevertheless, a successful implementation of the active labour market policies is linked to the public sector in terms of the financial resources, experts, and legal recourses needed. However, the analysis disregards the formal responsibilities that can influence the active labour market policies in the two regions. This

17 Petersen, Jeppe J.: Ostrava Tjekkiets stål hjerte. En industriregion under forandring. Roskilde: Roskilde Universitet 2006, p. 54f.

18 Keune 1998, p. 64.

19 Keune 1998, p. 71.

20 Lajh 2005, p. 36.

21 Sucháček 2005, p. 2f.

22 Eriksson, Jonas/Karlsson, Bengt (eds): From Policy Takers to Policy Makers. Adapting EU Cohesion to the Needs of the New Member States. Stockholm: Swedish Institute for European Policy Studies 2005, p. 18.

23 Tarrosy, István/Rosskogler, Gerald (eds): Social, Economic and Political Cohesion in the Danube Region in Light of EU enlargement. Proceedings of the 2nd DRC Summer School. Pécs: Europe Centre Pbc 2006, p. 14.

24 Kureer, Henrik/Lundgren, Svend-Erik: International Økonomi. Kurlund: Henrik Kureer Forlag 2006, pp. 160-171.

25 Sucháček 2005, p. 22.

26 Domaski, Boleslaw: Economic Trajectory, Path Dependency and Strategic Intervention in an old Industrial Region. The case of Upper Silesia. Paper presented at the Fourth European Urban and Regional Studies Conference (Re)placing Europe: Economies and Identities. Barcelona 2002, p. 3.

27 Huasner, Jetzy/Jessop, Bob/ Nielsen, Klaus: Strategic choice and path-dependency in post-socialism. Institutional dynamics in the transformations process. Aldershot, Hants: Edward Elgar Publishing 1995, p. 17.

implies a link where ›public action‹ turns into a more holistic understanding of ›public policy‹, affecting the ›job-search‹ assistance and active labour market policies.¹⁷

The peculiar character of Central and Eastern Europe

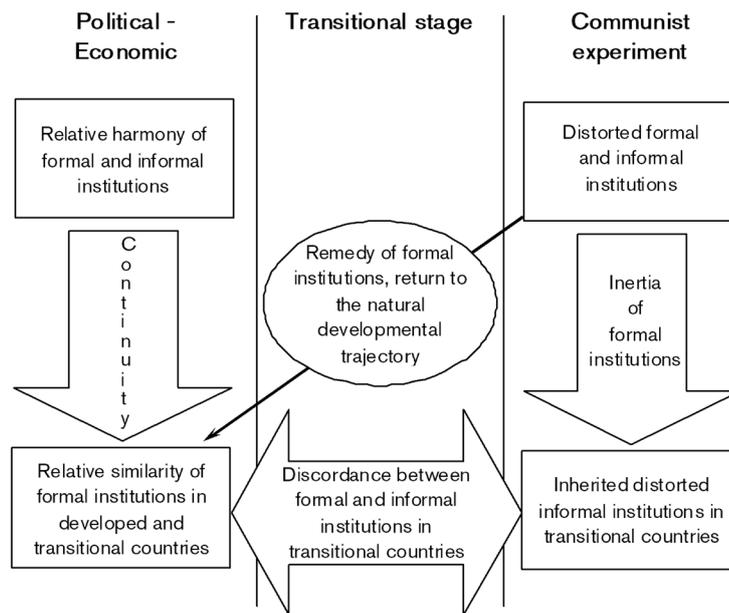
The peculiar character of CEE embodies both historical and territorial dimensions of the norms and values that influence the regional and local contexts. Moreover, the post-socialist heritage creates a discrepancy between formal and informal institutions, which can affect policy making in the daily life.¹⁸ Retrospectively, it is indispensable to point out the most advantageous strategy addressing the regional context of CEE countries. It cannot be omitted that the lack of comprehensive regional policies throughout the 1990s resembles some of the current problems in former industrial strongholds.¹⁹

In connection with the 1990s' rather limited and incompatible development, the CEE countries have established more congruent programs. The integrative process for the accession countries has implied stronger adjustments in the field of regional developments such as establishing new institutional settings.²⁰ However, the response to the new economy, socio-cultural qualities, cultivation of life-style and political circumstances still play important roles in the framework of the overall regional transformation.²¹ The outcome of these multiple transformations has become visible and is more profound among former industrial strongholds. Although considerable progress has been made, institution-building, one of the main aspects for long-term growth and welfare, leaves a lot to be desired at the local and regional levels.²²

The experiences of the post-socialist transformation have shown various outcomes, and it has become evident that history does matter. Broad statements, such as ›political and economical mainstream‹ and ›communistic experiment‹ in the model presented²³ are used for analytical purposes. One could compare Western European countries as they also have dissimilar solutions to societal problems. The CEE's return to the natural developmental trajectory questions whether post-socialist countries endeavor for the Scandinavian welfare model or ›negotiated state‹, Germany's ›social market economy‹, Britain's neo-liberal Thatcherism, or the Iberian post-authoritarian model.²⁴ In studying CEE countries, the idea of returning to new trajectories is also a valid conceptual instrument. The two regions constitute early industrial regions which are often perceived as doomed to economic decline. Nevertheless, it is essential to outline where the transitional stage of the two regions diverge.²⁵ In addition, the transformations in Poland and the Czech Republic reveal dissimilar outcomes in their opening to new socio-economic paradigms. The analysis is, however, restricted to these two regions; moreover, the comparisons bring up the ›sunrise‹ districts of yesterday, which have become the ›sunset‹ districts within the regions of Europe.²⁶

The discordance between formal and informal institutions clearly has an influence on the remedy and the return to a natural developmental trajectory. The welfare models mentioned embody contrasting patterns with regards to the role of the state, associations, large or small enterprises and especially, the extent and the distribution of welfare services.²⁷ When studying former post-authoritarian regimes and transition countries such as Spain and Ireland, there are now two different models; however, they are congruent with the political and economical mainstream. Having the Spanish and Irish success stories in mind, the same notion could also apply to the framework of the process of transformation in CEE in the regional context.

The model (see diagram below) provides an understandable framework for some of the institutional dissimilarities which some CEE countries are dealing with. The CEE countries have, within a relatively short space of time, developed from backward peripheral societies into, in many respects, European success stories. However, the discordance between the formal and informal institutional settings still creates inertia in the return to the post-modern context. Despite the historical divergences of Poland and the Czech Republic, both countries are today regarded as role models, which countries in the current periphery of EU should strive to emulate. Nevertheless, the distorted institutions inherited in Poland and the Czech Republic require further development in order to reduce the discordance between formal and informal institutions.



Old versus new legacies in former industrial strongholds

28 The cranks are understood as individuals who have internalized new norms and values. In addition, these processes have constructed new specific identities which do not held the cranks accountable to the institutional legacies on the labour market.

29 Petersen 2006, p. 56.

30 Ibid., p. 58.

31 Drulák, Petr (Ed): National and European Identities in EU Enlargement. Prague: Institute of International Relations 2004, p. 57.

32 Ibid p. 65.

33 Večerník, Jirí/Matějů, Petr (ed): Ten years of rebuilding capitalism. Czech society after 1989. Prague: Academia 1999, p. 28.

The empirical evidence demonstrates how historical evolution has constructed four specific identities: planned economy, the administrators from the trade union, the cranks,²⁸ and the EU entrepreneurs.²⁹ These specific identities generate distinct poles that deviate from each other and respectively affect the self-organizational networks in Katowice and Ostrava.

In the past, socialism socialized labour market actors to the normative expectation that the labour market is governed by the central administration. This embedded practice limits individual independence because the participating actors act according to the hierarchical organization of the labour market. Furthermore, the past socialization has contributed to more reactive norms and rules leading to overexposed socialization that undermines the self-organizational networks. Consequently, the ability to manage intermediate interest at the regional level remains illegitimate since this approach does not correspond to the embedded norms and rules. In addition, an endogenous approach to active labour market policies does not promote new proactive interpretations and occupational conditions in the labour market. Informal and deviant rules were often sanctioned by the socialist committees which imply that the actors on the labour market were socialized to act according to a formalised context.³⁰

In the years of socialism the labour unions perseverance and control of the workers have challenged the support to the labour unions. In addition, the Polish labour unions and the Solidarity movement's interest in the Western system played an important role in the transformation process. However, the power of the current labour union is incompatible with the beginning of the Polish transformation process.³¹ Additionally, there have also been increasing revolts against the organizational leaders in the Czech Republic which have emerged with new demands for the labour unions. Associates of the labour union are either absent or have threatened to give up their membership; this has initiated institutional changes within the trade unions. The reduced support to the labour union stimulates new processes that provide new specific identities in the administration of the labour union. The re-socialization of the administrators is still restricted to a smaller group. On the other hand, new advisory training and new methods in social dialogue and increasing attention to the labour market conditions influence the ›job-search‹ assistance.³²

Within the period of socialism, employees worked in the context of the »model of life-long employment«. ³³ The cranks, often represented by the younger people, are major obstacles for endogenous development. The cranks do not stay for life in the organization, they go from one organization to another as job opportunities open and close, and take on various kinds of responsibilities. Even if the cranks stand for two disparate phenomenons in Poland and Czech Republic respectively, their mobility on the labour market may be

34 Eyraud, François/Vaughan-Whitehead, Daniel: The evolving world of work in the enlarged EU. Progress and vulnerability. Geneva: ILO 2007, p. 376f.

35 Domanski 2003, p. 8f.

36 Although migration constitutes a significant problem in Katowice, the past legacies have not held back the transformation process in Katowice to the same extent as it has in Ostrava (Sucháček 2005, pp. 13-17).

However, the last couple of years Ostrava have experienced a new range of companies that have started the transformation in production, R&D, testing, marketing and other business activities to the area (<http://www.dynamicrogion.cz>).

37 Eyraud/Vaughan-Whitehead 2007, p. 141.

38 Petersen 2006, p. 60.

39 Drušák 2004.

40 Petersen 2006, p. 68.

41 *Ibid.*, p. 70.

one explanation for the unemployment in both regions. The foremost characteristic of the Polish labour market is the existence of mass unemployment. Poland has some of the highest rates of unemployment in Europe, even though large cities such as Katowice have a relative low unemployment rate. In the context of migration, this could give the impression that Katowice resembles a successful transformation of the labour market. Generous pre-retirement programmes and a high level of young people without a job affect the long term opportunities of socio-economic development in the region.³⁴

The image of the ›black country‹ restrains the migration of educated people from other Polish regions to Katowice and so is an essential barrier to endogenous development. For decades, most young people in Katowice were channelled into limited manual training in order to fulfil the state demands on mining and manufacturing.³⁵ Although the cranks should accentuate the new institutional settings of the labour market, the old industrial trajectories tend to remain isomorphic because the cranks do not migrate to Katowice. The cranks have internalised new norms and identities emanating from the post-socialistic context which can lead to new definitions of interest and of collective identities; moreover, the behaviour of the labour market can be seen as an obstacle for new opportunities in the region.

The cranks compose a similar challenge in Ostrava; however, the cranks explain another kind of migration setback. As the young do not see any prospect or future in Ostrava they migrate to other regions after having finished their education or university degrees. The Polish socio-economic context deviates from the situation in the Czech Republic because the regional economy has shown dynamic growth in recent years.³⁶ Nevertheless, structural unemployment is still a major problem in some of the Polish regions including Katowice.³⁷ The migration setback in Ostrava explains some of the institutional rigidities. Ostrava has the highest figures of young people who migrate and this has a negative impact on the reinterpretation of the labour market.³⁸ In view of that the dialectics between institutions and actors facilitate institutional changes, migration among the crank is one of the main obstacles for active labour market policies. The rapprochement between the formal and informal institutions is restrained since the reactive norms and rules remain more dominant in Ostrava. Like the cranks in Katowice, the cranks in Ostrava have more proactive norms and rules and act more appropriate to a post-modern context; however, their behaviour does not contribute to the ›job-search‹ assistance and endogenous development. Since they leave the two regions, the unemployment rate remains high as they constitute the new human resources for institution-building.

Several observations describe the EU membership as an opportunity to influence the development of the national identity. The EU employs new behavioural norms and roles that are congruent with a more ›Westernized‹ context.³⁹ The EU entrepreneurs have, like the cranks, developed new norms which are more compatible with the post-modern context. The EU entrepreneurs use the variable networks that employs new roles and strengthen the regional capabilities in Katowice and Ostrava. Moreover, they construct new moral arguments that can redefine previous identities and engage them in new processes of social learning.⁴⁰ University teachers at the Karel Adamecki University of Economics or VSB – Technical University of Ostrava can illustrate how the interaction with other participants from the EU enhances new institutional trajectories. Growing interaction evolves new discourses and inter-consensual congruence that enforces new practice on the labour market such as common understanding of the labour market modifies responsibilities and institutional settings. The presence of the EU entrepreneurs has a positive impact on ›job-assistance‹ seeing that they create comprehensibility between the institutional discordance in the two industrial strongholds.⁴¹

The emergence of new specific identities creates an antagonistic relationship among the participating actors in Katowice and Ostrava. In the course of the last decade the embedded rules and routines from the centrally planned economy still have a major influence on the ›logic of appropriateness‹ which restrains endogenous development. The labour market in the two countries does not assemble congruent solutions to the unemployment problem; however, the consolidation of the industrial organisation and practice in the labour market generates certain inertia for institutional change. The industrial mono-structure creates numerous difficulties for the endogenous development and reinterpretation of the labour market. Rigid institutions, as well as limited social attractiveness for new investors, are

42 Although, the cranks shift to the private sector their actions are congruent with their western counterpart; however, these actions have a negative impact on active labour market policies. The sociologist Richard Sennett examines this particular behaviour. Cf. Sennett, Richard: *The corrosion of character. The personal consequences of work in the new capitalism*. New York: Norton 1998.

43 Petersen 2006, p. 59.

44 Ibid., 2006, p. 84.

45 Ibid., 2006, p. 92.

46 Ibid., 2006, p. 94.

47 Keune 1998, p. 100.

48 Sucháček, Jan: *Ostrava as a Hidden Potential. In the Middle and on the Periphery*. In: Purchla, Jacek (Ed.): *Cities-Places of Common Memory in the CEI Region*. Krakow: International Cultural Centre 2003, p. 5.

49 Keune 1998, p. 66.

50 Petersen 2006, p. 71.

51 Ibid., 2006, p. 94.

setbacks for a successful implementation of the active labour market policies. A lack of an innovative milieu and the enterprises' low level of demand for workers restrain endogenous development. The cranks respond to situation by looking for opportunities in the public sector. They go into the public administration for three, four or five years to get some experience and then shift to the private sector.⁴² This behaviour has a negative effect because the cranks will go through many training courses and then leave the public administration after having benefit from this investment in human resources.⁴³ The embedded practices within the public institutions restrain the collective understanding and re-organization of the regional labour markets. In practice this can be exemplified with the relationship between the labour offices in Ostrava and regional administration. Labour offices are not understood as part of the regional administration. Moreover, the labour offices have to act according to the policies that are formulated by the central administration. In addition, appropriate behaviour is still legitimized within a formalised context and the holistic understanding of active labour market policies which affect the ›job-search‹ assistance and active labour market policies still need further consolidation.⁴⁴

These mechanisms make it difficult for the regions to start any kind of planning and to have a vision.⁴⁵ To begin with, it was not accepted so well by the people and first of all the politicians. As mentioned, one of the main obstacles for the endogenous development and governance of the active labour market policy is the consolidation of the exogenous planning and the central administration's monopoly. Additionally, it is more difficult to develop new visionary perceptions and implement active labour market policies, which can facilitate the process of unemployed workers moving to another occupational status.⁴⁶

The socialist era remains the principle obstacle for self-organizational networks and endogenous development. However, the institutional context modifies the interpretation of the active labour market policies as the vertical structure transcends the socialist caprice. From an empirical point of view this is noticeable in the architectural buildings that reflect the regional self-concepts. During the pre-socialist period, Katowice was known as a ›cultural border‹, a melting-pot, a place of contact between several cultures and communities. Workers came in search for better careers, a more civilised life, or improved living standards.⁴⁷ In retrospect this also applies for Ostrava as the city experienced during the pre-socialist era a status as the ›Great Ostrava‹. This industrial period emphasized the vertical organization of the labour market. A symbol of the durable, central planning and pre-socialist traditions can be observed through the central buildings in Ostrava. The symbol of the historical experience and industrial tradition is represented for instance on the front of the city hall edifice constructed in the years 1925-30.⁴⁸

These examples illustrate how the pre-socialist labour market is the context of the socially constructed story that gives a sense of belonging and provides industrial roles. The consolidation of the industrial epoch gives apathy to the new institutional context; moreover, this can explain why the two regions comprise Europe's largest regional problem.⁴⁹ Since individuals think and act consistently to previous practices and the fact that the central and intra-urban planning can be traced back to the industrial revolution, this can explain some of the inertia of the institutional changes.⁵⁰ Henceforth, the industrial heritage is more profound in Katowice and Ostrava compared with the rest of Poland and the Czech Republic and creates obstacles for the labour markets' endogenous development.

At the same time, Europeanisation supports the adoption of EU principles in addition to endogenous development that facilitate new interpretative concepts in the labour market. Under pressure from the EU and because several actors found it is necessary to coordinate the labour market, regional planning started. The new specific identities have been socialized to act appropriately in relation to the concepts of the EU.⁵¹ Furthermore, the participation and fulfilment of EU requirements implies new definitions that modify roles and interaction amongst the public, private, individual and collective actors. These new interpretative categories and meanings influence the organizational principles towards a more communicative context.

It is worth noting how these endogenous progressions create new platforms for analysing the emergent forms of networks between social actors who want to pursue some degree of collective action. The ›Katowice Special Economic Zone‹ is a clear example of a more coherent regional policy as the regional zone can attract investors that will provide new jobs in the region. After General Motors began their production in 1998, several other investments by

52 Domanski 2003, p. 11.

53 Barczyk/Ochojski 2005, p. 50.

54 Ibid 2005, p. 59.

55 Sucháček 2005, p. 18.

56 Petersen 2006, p. 57.

57 Ibid 2006, p. 85.

58 Ibid 2006, p. 87.

59 One of the EU's instruments to encourage further Europeanisation is done with the community EQUAL Initiative programme. On the basis of transnational cooperation and the four pillar employment guidelines, the main aim is to promote policies that prevent inequalities and discrimination in the labour market [<http://www.europa.eu>].

60 Petersen 2006, p. 84.

foreign manufacturers started in the ›Katowice Special Economic Zone‹.⁵² The construction and development of new identifiable concepts requires platforms because this can generate and consolidate new organizational principles. Also, economic zones can work as an incubator to assist new enterprises in getting established on the market. Having recognizable concepts provides new possibilities because the enterprises located within the economic zone become aware of the incongruent interests; moreover, this increases the commitment and possibilities to employ ›job-search-assistance‹ and active labour market policies.

Active approaches to the labour market are gradually being institutionalised in the region of Katowice. This can also be seen in the setting up and implementation of the Centre for Higher Education project. This human resource development project is an important element in developing the ability to carry the post-industrial burden as this project revitalises the new socio-economic structures.⁵³ In addition, a holistic understanding of the labour market enhances new institutional trajectories which have initiated new sustainable processes of more active approaches to the labour market which are also competitive in the European regional arena as well.⁵⁴ Additionally, the industrial accounts still have precedence over the socio-economic development in Katowice.⁵⁵ The project of the Centre for Higher Education demonstrates how new meanings emerge using cross-sectoral partnerships in Katowice; the intermediate negotiations between the local government, universities and the corporate sector are linked to a common objective.⁵⁶ These imperatives are understood as dialectic interaction between institutions and individuals whereas the institutional formation should construct meaning via discursive processes. The dialectic development involves an intermittent process where the interdependence between institutions and individuals are significant elements in the production, maintenance and change of the institutional settings.

The board of The Union for the Development of Moravia-Selesia Region (Msunion) is a new organizational process similar to those in Katowice. This board consists of various participants from the educational system and regional enterprises from Ostrava; moreover, the Mayor and other municipal and regional representatives are represented in the board. The purpose of the ›Msunion‹ is to influence the organizational capabilities and construct congruence between national and regional policies.⁵⁷ A difference can be seen from the ›Industrial Zones‹ in Ostrava. Hence regional enterprises are located on the university campus and ›job-search‹ assistance has been governed more purposefully as positive synergies emerge. During this process the exchange of knowledge integrates the participants and creates collective understanding and organizational accountability. These administrative skills reorient the service towards a more proactive attitude within the regional community and support the ›job-search‹ assistance and active labour market policies.⁵⁸

An additional example of the how Europeanisation influences the interpretation towards more active norms and rules on the labour market can be seen with the ›Regional Advisory Centre‹. The company is a part of a government program and is supported by the European Equal⁵⁹ project; this illustrates how the European governance affects the labour market. The equal project focuses on the development of new tools and programs. What is more, the role of the ›Regional Advisory Centre‹ is to be active in the labour market and collect information about job vacancies and additionally, to run public programs for unemployed people such as individual profiles.⁶⁰ This is done throughout different networks with participants who work inside the companies in Ostrava. A collective approach to the active labour market policies that stipulates the ›job-search‹ assistance in Ostrava can be seen. The consolidation of the participants from governmental institutions to public and private, individual and collective actors extend the organizational capabilities that affect the active labour market policies.

The Regional Advisory Centre denotes an important component in Ostrava; moreover, there are processes of negotiation and reorientation towards active labour market policies. These imperatives are composed from the intermediate relations between the ›Regional Advisory Centre‹, the public labour offices and regional enterprises. The main difference between the Regional Advisory Centre and the public labour offices can be found from the moment the two actors start to assist the workers. The Regional Advisory Centre starts working with the workers immediately after the regional enterprises announce they will be redundant. This means that three months before the employees are released from their contracts; the enterprises begin the negotiation process. During the following three months the ›Regional Advisory Centre‹ offers various forms of services. With employment services

61 Petersen 2006, p. 88.

62 Ibid., p. 98f.

63 Ibid., p. 92.

64 Keune 1998, p.107.

65 Eriksson/Karlsson 2005, p. 128.

66 Sucháček 2005, p. 22.

67 Petersen 2006, p. 93.

68 <http://www.ekf.vsb.cz>.

or assistance to start up a business, the Regional Advisory Centre provides consultancy and retraining programs. After the workers have become unemployed, the relationship between the Regional Advisory Centre and labour offices changes. In order to receive social benefits, the unemployed workers need to register at the public offices as being unemployed and fulfill several obligations.⁶¹

Even though unemployed workers have to fulfill several obligations, the interaction creates a variable geometry between the participating actors. These cannot be enforced by legal means; moreover, the consolidation of social realities composes new historical circumstances. The consolidation of new norms and routines is more restrained in the public sector because the cranks do not remain in the public sector. On the other hand the interaction creates normative expectation and new routines for appropriate behaviour.⁶²

The future will be based on regions that transcend the national demarcations. In addition, the level of integration of cross-border labour markets has rigorous importance because cross-border regions often face the same challenges. Having platforms between Katowice and Ostrava can generate new prospective for inter-regional synergies, innovation and new development prospects with regards to the labour market.⁶³ Further, border regions such as Katowice and Ostrava have a significant advantage because of their geographical location. What is more, the two regions are also located near the Slovak borders and are crossed by trans-European routes.⁶⁴ Additionally, one of the significant components of the PHARE-programme was cross-border cooperation which aimed to support economic development in these regions.⁶⁵

One of the intentions of the PHARE-programme is for businesses, universities and political actors to work more based on team oriented approaches. Using this approach on specific issues can generate solutions that reflect collective pursuit of opportunities and learning within the local, regional and inter-regional context. In this sense different constellations of actors can appear as entrepreneurial groups. However, the administrative procedures, traditions and cultural incongruence between Katowice and Ostrava are still major obstacles for the cross-border development. In addition, this incongruence reflects disparate transformational trajectories and the development of new institutional legacies.⁶⁶ A continuing effort to remove the core obstacles is crucial for the cross-border labour market. In addition, the politicians in the regions compete for various subsidies and foreign investments rather than stimulating new discourses which support the inter-regional challenges. The incongruence between the various identities shows that the two regions are situated in an antagonistic relationship between the participating actors. The arguments from the EU-entrepreneurs seem to be restricted to the regional universities; moreover, the knowledge of the academics has not been institutionalised into the policy-making process.⁶⁷

Therefore, cross-border development is quite often restricted to collaboration between the inter-regional universities. A number of initiatives have been carried out to reduce the institutional discordance between the formal and informal institutions. Additionally, the endowment of common perceptions gives a more holistic understanding to the inter-regional context. This development can be illustrated by some of the initiatives between VSB – Technical University of Ostrava and the Karel Adamiecki University of Economics. The two Universities have research departments which deal with socio-economic restructuring and innovation in industrial regions. Both institutions have a significant basis for new platforms in view of the fact that the universities have a more interdisciplinary character and new teaching structures which are more compatible with the concepts applied at their Western counterparts.⁶⁸

Conclusion

The article has examined how the legacy of previous practice in former industrial strongholds creates certain inertia and resistance to the institutional changes, and with negative potential for the institutional changes on the labour market in Katowice and Ostrava. Because of the discordance between the formal and informal institutions the regional account is not equivalent with the decentralised administration and management of the active labour market policies. Nevertheless, the EU strengthens the regional capabilities and accelerates the development trajectories towards the labour market standards of the EU.

Under the influence of the EU local bodies, actors and other organisations that encompass

the regional labour market jointly contribute to the development of the active labour market policy. In the light of these intermediate processes, collective decisions can be made and labour market initiatives and projects can possibly be implemented by the regional administrators and managers. Although, there are intra-regional differences the influence of the EU can increase labour-market related activities in the two regions, tackle the unemployment, and improve the socio-economic conditions within the regional and local communities in the two former industrial strongholds.



Jeppe Juul Petersen graduated from the Institute of Social Sciences and Globalization, Roskilde University, Denmark in 2006 and holds a BA in Comparative Welfare Studies and a Master of Business Administration, as well as an MA in Social Sciences. During his studies, he enrolled in an intensive semester study programme *European Labour Market Policies* a Socrates programme, at the Friedrich-Schiller-Universität, Jena in Germany, 2003.

He is an occasional lecturer at the VSB Technical University of Ostrava, at the Faculty of Economics of the Department of Regional Development. His research interests include theories of European integration, institutional theory, problems of the EU enlargement and labour market issues in the EU common market. He is currently engaged with a platform of practitioners and young researchers interested in various aspects of European integration and regional development in the EU.

He is employed with the Danish Ministry for Food, Agriculture and Fisheries, and additionally function as a Governmental Official providing support for rural development including the fishing industry. These tasks involve international cooperation and administration of EU subsidies, along with regulation and inspection.