

FUNCTIONS OF RETAIL TRADE IN THE BORDERLANDS OF POLAND – A THEORETICAL PERSPECTIVE

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Abstract. The functioning of retail trade in the borderland areas of Poland in the 1990s and in the first decade of the 21st century was largely determined by shopping done in Poland by citizens of the neighbouring countries. Using the multifunctional model of the functions of retail trade and the service and functional trade theories, the author pointed out that the basic functions of retail trade in borderland areas are activities of economic character. Social functions of trade are also of high importance, e.g. the function of an integrator of social life, whose aim is to equalise culture differences, and create the atmosphere of co-operation in diversified territories. The functions of local development are very important in borderland areas, because they contribute to greater competitiveness of border towns, to the creation of new jobs, and to improvement in the living conditions and in the standard of living of the inhabitants.

Key words: functions of retail trade in borderland areas, retail trade, service trade theory, functional trade theory

INTRODUCTION

Retail trade in the borderlands of Poland in the 1990s and in the first decade of the 21st century was characterised by a high percentage of consumers coming from the neighbouring countries. Frequent shopping trips to the neighbouring country were caused by differences in prices of goods used for similar purposes and by disproportions between the inhabitants' incomes and standard of living. Cross-border shopping occurred mainly in places near border crossings and along communication routes leading to these crossings. Marketplaces played an important role in cross-border trade: the sales area became larger, the number of retail units increased, and so did the proceeds from marketplace fees [Powęska 2002]. The phenomenon differed depending on the stretch of border, and

was conditioned by economic, social, formal, legal, and organizational factors [Powęska 2008a].

This article constitutes an attempt to look at the functioning of the retail trade in the borderlands of Poland during the last 20 years from perspective of the services and the functional trade theories. It also aims to define the functions of borderland retail trade. From various theories concerning the functioning of trade [Grzeziuk 2010], the following were chosen as the basis for the analysis: the service trade theory and the functional trade theory. This was mainly due to the fact that they both refer to market economies.

RESEARCH METHODOLOGY

The analysis was based on literature, statistical information published by the Central Statistical Office, and the author's own research. On the basis of theoretical concepts described in literature, it was defined the usefulness of the service and the functional theories for the description of the functioning of retail trade in the borderland areas. Next, using statistical data, literature of an empirical character, and own field observations, the functions of retail trade in the borderlands were defined. The basic assumptions of empirical research are in keeping with the economic trade theory, according to which trade is the link between the person who possesses something and the person who needs it, between the sphere of production and consumption, with the use of a medium of exchange [Szulce 1998].

THE FUNCTIONING OF RETAIL TRADE IN THE BORDERLANDS FROM THE PRESPECTIVE OF SERVICE TRADE THEORY

In the service trade theory the fundamental premise is that the aim of trade is to create services [Grzeziuk 2010], and that the functioning of retail units as far as spatial organisation, time, choice of goods, and information are concerned, is subject to the requirements of the buyer. By describing trade as "the producer of services", the authors (A. Wakar) and proponents (W. Jastrzębowski, J. Kurnal) of this theoretical concept distinguished trade from the sphere of material production. In this theory, the main role is played by the customer, who is the recipient and consumer of the services "produced" by trade. These services can be divided into the following groups [Szulce 1998]:

- connected services, i.e. services inextricably linked with the act of purchasing goods (e.g. the access to the shop, complementarity of shopping). The cost of these services is included in the price of merchandise;
- optional services, which do not depend on the purchase of the merchandise; these services are often free of charge (e.g. alterations made to a piece of clothing purchased in the given shop);
- full range services which consist in ensuring a full and constant supply of goods in terms of volume of supply and the assortment structure;
- common services, which means that retail units stock goods so that customers can shop at a time convenient to them.

In Polish local government units situated in close proximity to border crossings and along communication routes leading to border crossings, during the last 20 years, a considerable percentage of all customers were citizens of the neighbouring countries [Powęska 2008b; *Ruch graniczny (Cross-border traffic...)* 2010]. For that reason the functioning of retail trade in the borderlands was subject to the expectations and requirements of the foreign customers living in the neighbouring countries. This fact was confirmed by research done between 1995 and 2002 by the Central Statistical Office concerning the amounts of money spent on shopping by foreigners in Poland and by Poles abroad [*Ruch graniczny i wydatki cudzoziemców w Polsce i Polaków za granicą (Cross-border traffic and the expenditures of foreigners in Poland and of Poles abroad)*, Central Statistical Office 1996, 1997, 1998, 1999, 2000, 2001, 2002]. The research shows that from the economic point of view Polish borderlands were the beneficiary of this phenomenon. The same is underlined by local government officials from the borderland communes, who (if it is possible) seek to open border crossings in their local government units.

Retailers in the borderlands of Poland adapted the scope of their activity to a considerable extent to the requirements of foreign customers, and enabled them to buy (sometimes sell) goods in the most favourable conditions as regards time and space. Domestic customers (Polish citizens living in the border zone) did not constitute the main target group for retail trade in the zones in the immediate neighbourhood of border crossings, because domestic customers were less numerous, and often had limited financial means. Consequently, their needs were treated as less important by many retailers.

Therefore, the service trade theory can be verified in some respects in the analysis of the functioning of retail trade in the borderlands of Poland during the period of transformation. However, the functions performed by retail trade in relation to Polish and to foreign customers must be distinguished. As far as foreign customers are concerned, the assumption that retail trade provides connected services and often adapts the time and place of the activity, and the assortment of goods to the requirements of customers, proved to be true. Some retail units offered also optional services: the goods purchased in the shop could be adjusted to the needs of customer, which fact was seen as an additional advantage of shopping in Poland. The structure of shopping done in Poland, resulting mainly from differences in prices and quality, did not include all the essential household items. Therefore, full range and common pantry services were not prepared or realized for foreign customers by Polish retail trade in the borderlands. Due to substantial financial benefits derived from trade targeted at foreign customers, most of the retailers in the border zone oriented their activity towards the needs of consumers from the neighbouring countries, and often treated Polish citizens as second-class customers. Hence, the range of services offered to domestic customers was not full.

THE FUNCTIONING OF RETAIL TRADE IN THE BORDERLANDS FROM THE PRESPECTIVE OF FUNCTIONAL TRADE THEORY

The differences between the supply and demand for goods and services are the essence of the functional trade theory. H. Szulce expressed it as “the existence of two systems of the volume of goods: the initial and the final” [1998]. Trade develops and

fulfils its various functions between these systems. There are many differences (of a temporal, spatial, and quantitative character, and in assortment) between the initial system of the volume of goods, shaped by producers, and the final system of the volume of goods, shaped by consumers' present needs. Trade is to mediate between the initial and the final stage. According to A. Grzesiuk, the main function of trade is „to equalize these divergences and to turn production assortment into retail assortment in sufficient quantity, and in a place and at a time convenient for the consumers” [Grzesiuk 2010]. The functional trade theory was created by Z. Zakrzewski; J. Dietl and A. Grzesiuk is among his followers. Zakrzewski saw the basic function of trade as the coordination of the generic structure of goods. According to this author, complementary functions of trade were as follows: management of the movement of goods in time, management of the movement of goods in space, shaping a single part of goods, shaping the assortment structure of goods. According to Dietl, the basic function of trade was the distributional function, and auxiliary functions were as follows: creating various services for intermediate and final recipients and for suppliers, maintaining and controlling stock, the informational function, the function of stimulating demand by exerting an impact on the market, the function of the redistribution of the national income, especially the household income, the function of creating growth, and the civilisational and cultural function. Having taken into consideration both the above-mentioned concepts, A. Grzesiuk proposed a multidisciplinary model of the functions of retail trade [Grzesiuk 2010]. The researcher took into account the dynamic changes that occurred in the economy in the last 20 years and the close relationship between trade and space, and in her model she distinguished economic functions, social functions, and the functions of trade in the process of local development. Among economic functions she enumerated: the function of mediating the exchange of goods, the function of creating value for the customer, and the share of trade in gross domestic product. In Grzesiuk's model, the social functions were included: the cultural function, and the function of an integrator of social life. The group of trade functions trade in the process of local development comprises functions connected with the business environment, the function of the employer, the urban development function, and the function of shaping the quality of life of the inhabitants.

Various actions are undertaken to fulfil each of the above-mentioned functions. For the purposes of this article, it was defined which of these actions (and to what extent) are undertaken by retail trade in the borderland areas (Table 1). Mediating the exchange of goods is a function which underwent changes in parallel with the transformation of the socio-economic systems. Today, it is said to be the last link in the chain connecting the producer and the consumer. Within this function, retail units undertake a number of actions aimed at introducing various improvements and changes in order to make trade more customer friendly [Grzesiuk 2010].

An analysis of the sale and purchase markets involves constant and systematic observations made by retailers. On the one hand these observations concern the possibilities and conditions of purchasing new goods and their sale, and on the other, they are connected with customers and their preferences and needs. In this sense, trade has an important informational function informing the producer about customers, and customers about new products. Such actions were observed in retail units functioning in marketplaces situated mainly in close proximity to border crossings. There, the assortment structure was

Table 1. Functions of retail trade and actions corresponding to them
 Tabela 1. Funkcje handlu detalicznego oraz właściwe im czynności i działania

Functions	Actions
ECONOMIC FUNCTIONS	
The function of mediating the exchange of goods	analysing purchase markets
	taking over the risk taken by other participants of the process of the exchange of goods
	shaping the range of goods on offer
	distribution of goods
The function of creating value for the customer	handling sale and purchase transactions
	creating value and benefits for the customer in retail trade
The share of trade in gross domestic product	creating value for the customer within the service offer
	creating gross domestic product by trade
SOCIAL FUNCTIONS	the volume and structure of sales
	trade investments
The cultural function	equalizing cultural differences
	creating a bridge between cultures
	creating the atmosphere of cooperation in culturally diversified territories
The function of an integrator of social life	a way of spending ones free time in a shopping centre
	a commercial service: a shopping and service centre
The function of an integrator of the life of cross-border communities	accepting the cross-border cultural and political differences
	establishing cross-border contacts at the local level
FUNCTIONS OF TRADE IN THE PROCESS OF LOCAL DEVELOPMENT	
Functions connected with the business environment	planning the retail unit
	building (modernizing) the retail unit
	target activity
The function of the employer	creating new relationships in distribution channels
	local market activation
	creating new jobs
The urban development function	increase in qualification levels and skills
	endogenous activity of retail trade
The function of shaping the quality of life of the inhabitants	exogenous activity of retail trade
	trade as the object of interest and activities of the local government
	tasks financed from the receipts from retail trade
	creating new shopping needs and preferences

Source: Own research on the basis of: Grzesiuk 2010.

Źródło: Opracowanie własne na podstawie: Grzesiuk 2010.

adapted to the customers' preferences. The degree to which retail trade takes over the risk taken by other participants of the process of the exchange of goods is closely connected with way of trading and with the assortment on offer in a given shop. The risk is higher when the retailer buys goods from the producer or the middleman. When the transfer of ownership does not occur, the risk is smaller.

Activity aimed at shaping the range of goods on offer, namely preparing such a structure of goods in a retail unit which would correspond with the customers' needs, has been undertaken in the borderland areas. In the neighbourhood of border crossings the range of goods on offer was subordinated to the needs of foreign customers, and in the remaining areas it resulted from the needs of domestic customers. The following activities connected with physical distribution of goods: activities connected with the transfer of goods from the point of origin to the point of sale, stocking goods, storage, transportation, and other activities, both in the borderlands and in other areas are being taken over by more and more specialized logistics centres and companies from the trading environment. However, more and more often, retail units, especially large chain stores, establish direct contact with producers, and consequently logistic and informational functions are realized by trade. Such activities are noted chiefly in places where large-area shopping centres and chain stores are becoming increasingly important. As far as handling sale and purchase transactions in the borderland areas is concerned, a considerable spatial differentiation can be noted.

The function of creating value for the customer is a domain of modern retail trade, which undergoes constant modifications in order to find new ways of building competitive advantage. To find new ways of creating value for the customer, retail trade uses the following means: additional services, positioning of the retail unit (chain), own-brand products, new forms of shops, loyalty programmes. These are used within the area of creating value and benefits for the customer in retail trade and in services. The interpretation of the product from a marketing point of view, according to which the customer buys not only a "product", but a "benefit" and a "service", served as the basis for distinguishing the function of creating value and benefits for the customer in retail trade. Taking into consideration creating benefits for the customer, the most important are values attained through innovative trade activities and through establishing long-lasting privileged relations between the seller and the buyer. Retail trade in zones where most of the buyers are foreign tourists consists in shopping in which individual approach is not a key feature, and thus this function is rarely fulfilled. Creating value for the customer within the scope of the service offer consists of a number of services which can be bought before or after purchasing the goods, or as additional services. Such activities are done in borderland areas in supermarkets.

Trade as a domain of economic activity fulfils the function of creating gross domestic product. The share of trade in GDP in Poland in 2000 amounted to 17.3%, and to 16.2% in 2009. In the borderlands of Poland retail trade has a positive impact on GDP thanks to: (1) non-classified/unrecorded current revenues from cross-border trade, which in the 1990s amounted to a few percent of Poland's GDP; (2) investments, especially in supermarkets; (3) a significant percentage of people working in retail sector.

In borderland areas, the functions of trade in the process of local development become especially important. The business environment of retail trade creates benefits for the local development at every stage of the development of the company: from the phase of planning the retail unit, through the construction (modernisation) of the retail unit, to the stage of the target activity. The range of these benefits is diversified spatially. The greatest benefits occur in towns and units of local government situated in close proximity to border crossings, and along communication routes leading to border crossings. In the

phase of planning the retail unit the greatest beneficiaries are the landowners. The local companies are the beneficiaries of the development of retail trade at the stage of the construction of the retail unit, however, the greatest benefits are noted at the local level when the target activity of the retail unit is being conducted. Companies providing services for the retail unit (e.g. cleaning, security, conservation, promotion) increase in number, local suppliers and producers develop their activity, especially when it comes to short shelf life goods. The development of retail trade is advantageous to transportation companies, waterworks, gasworks, power stations, sewage works, etc. On territories situated further from border crossings and communication routes leading to these crossings, the range of benefits derived from the development of the functions connected with the business environment of trade is smaller and comprises some business environment services: design, geodetic, cartographic, and legal services. At the stage of construction or modernization of the retail unit, benefits are reaped by the suppliers of building materials and companies providing furniture and equipment for retail units. However, there is fierce competition between companies from the whole territory of Poland and from abroad. Benefits at the stage of the activity of the retail unit are gained mainly by transportation companies.

The function of trade as the employer is crucial to the local development in borderland areas. The development of cross-border trade results in dynamic changes in retail trade. The development of entrepreneurship and job creation contribute to the improvement of living conditions and to the increase in the level of socio-economic development. The increasingly demanding trade contributes to a new perspective on the issues of education and improving skills of the local community. Satisfying educational needs is possible with an increase in earnings in retail jobs. People living outside the zone of direct impact of the border can also find retail jobs, jobs with suppliers, jobs in companies providing services for or next to retail units. From the point of view of the functioning of borderland areas, the function of trade as the employer is very important, because the possibility of getting a job curbs emigration, especially of young people. It also opens up the possibility of employing people from outside the region, which fact has a positive impact on the competitiveness of the region.

The trade function, among many other socio-economic functions such as: service, tourist, health resort, transport, administrative, port, university, and industrial functions, has always been an important factor of urban development. When the effects of trading activity are concentrated within the town limits, we deal with endogenous functions, which cater for the needs of the town. When these activities are directed outwards, i.e. when the recipients are outside the town, these functions are treated as exogenous. In towns such as Słubice, Przemyśl, Cieszyn, situated on the border, or in towns situated in the zone of direct impact of the border, e.g. Nowy Targ, Białystok, Zamość, retail trade became an important exogenous function, strongly influencing the standard of living of the inhabitants and the town's potential.

The function of shaping the quality of life of the inhabitants, distinguished by A. Grzesiuk [2010] within the group of functions of trade in the process of local development, is analysed from the angle of: (1) the attitude of the local government towards trade; (2) the importance of the receipts from trade to the local budgets for the realisation of the local government tasks; and (3) creating new shopping needs and preferences. In relation to the aims and tasks of the local government, the function of shaping the

quality of life of the inhabitants concerns mainly: (1) shaping the spatial access to retail units; (2) the responsibility to ensure a suitable trade infrastructure, which would meet the requirements and needs of customers living in the given unit of local government and of those living outside this unit; (3) formulating the rules for the functioning of trade, bearing in mind the development goals at the local level.

The author distinguished three groups of attitudes of local governments towards trade: consultative, protective of the small and medium enterprises, and localisational. The receipts from trade are in the form of: (1) taxes and local charges, and redistributed income tax; (2) property tax paid e.g. by suppliers or transportation companies; (3) concessions paid by shops to the local government units. These receipts constitute one of the sources of financing investments and tasks of the local government. Creating new needs and preferences in the field of shopping done by inhabitants is perceived as an element of civilisational progress of the given local community. In the case of borderland areas, the role of trade in shaping the quality of life of the inhabitants is extremely important. In numerous units of local government situated in close proximity to border crossings, trade is treated by the local communities as the basic source of income, which is why the local authorities take into account all opinions of the local communities concerning trade. Therefore, this constitutes the realisation of the consultative attitude. The attitude protective of the small and medium enterprises means restricting the development of large stores and favouring the local medium-sized and small trading companies. This situation can be observed in small towns and in rural areas; in medium-sized towns (Przemyśl, Biała Podlaska) alongside small trading companies also large stores can be noted. In local government units which are not directly connected with border crossings, a localisational attitude can be observed. It consists in creating favourable conditions for the development of trade and in indicating specific tools and solutions which will contribute to the shaping of the local trading network.

The group of social functions consists of: the cultural function, the function of an integrator of social life, and the function of an integrator of the life of cross-border communities. The cultural function and the function of an integrator of social life are seen from the angle of the importance of trade in the process of integration of social groups and local communities. It was pointed out that the integration process was influenced by extending the range of functions of retail units, especially shopping centres [Grzesiuk 2010]. However, in borderland areas we deal with an additional function of retail trade, which can be defined as the function of an integrator of the life of cross-border communities. This function was identified on the basis of the present author's (Halina Powęska) field observations conducted in the western and eastern borderlands of Poland. It was noted that together with an increase in the intensity of cross-border trade, the social distance between the neighbouring cross-border communities, resulting from linguistic and cultural differences, decreased. In places along the Polish-German border with the largest concentration of cross-border trade (Zgorzelec, Gubin, Słubice), various actions were undertaken within the function of an integrator of the life of cross-border communities, e.g.: common cross-border cultural events, language courses (learning the language of your neighbour), schools open to children from both sides of the border. In the north-east borderlands the function of retail trade as an integrator of the life of cross-border communities resulted in a change in the treatment of citizens of the neighbouring

countries: the transition from treating the neighbour from across the border as a “foreigner” to perceiving him/her as “one of us”, in noticing and appreciating common historical and cultural heritage, and in accepting religious diversity. It will not be an exaggeration to say that the growing number of contacts established within the framework of trade play a major role in the process of getting to know each other between cross-border communities and accepting each other’s differences.

CONCLUSIONS

In explaining the functioning of retail trade in borderland areas, the functional theory has fundamental importance, and the multifunctional model of the functions of retail trade seems especially useful. It was pointed out in the article that activities proper to the function of mediating the exchange of goods are realised in the borderland areas. Social functions of trade are of high importance in the borderland areas. Such activities as: equalising culture differences, creating a bridge between cultures, and creating the atmosphere of cooperation in culturally diversified territories, realized within the cultural function, contributed to the improvement of social relations between the neighbouring communities. Having taken into account the specific nature of the functioning of borderland areas, the author proposed a new function of retail trade, proper to borderlands, which would enter the group of social functions. This function was described as the function of an integrator of the life of cross-border communities. In borderland areas, the functions of local development are very important. They contributed to greater competitiveness of some towns, to the emergence of local business elites, to the creation of a large number of new jobs, and to a general improvement in the living conditions and in the standard of living of the inhabitants of borderland areas.

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FUNKCJE HANDLU DETALICZNEGO W OBSZARACH PRZYGRANICZNYCH POLSKI – ASPEKTY TEORETYCZNE

Streszczenie. Funkcjonowanie handlu detalicznego w obszarach przygranicznych Polski w latach 90. XX wieku i w pierwszej dekadzie XXI wieku było w znacznej mierze zeterminowane przez przyjazdy do Polski obywateli sąsiadujących krajów w celu dokonania zakupów. Wykorzystując multifunkcyjny model funkcji handlu detalicznego oraz usługową i funkcjonalną teorię handlu, wskazano, że do podstawowych funkcji pełnionych przez handel detaliczny w obszarach przygranicznych należą działania o charakterze ekonomicznym. Bardzo ważne znaczenie mają także funkcje społeczne handlu, w tym funkcja integratora życia społeczności transgranicznych, której efektem jest niwelowanie różnic kulturowych oraz tworzenie atmosfery współpracy w zróżnicowanych kulturowo obszarach. Istotne dla obszarów przygranicznych są funkcje rozwoju lokalnego, które przyczyniają się do wzrostu konkurencyjności miast przygranicznych, powstania nowych miejsc pracy i poprawy warunków i poziomu życia mieszkańców.

Słowa kluczowe: funkcje handlu detalicznego w obszarach przygranicznych, handel detaliczny, usługowa teoria handlu, funkcjonalna teoria handlu

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