

Is Good Management Important for the Success of Special Economic Zones?

The case of Poland

(Extended Abstract)

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Abstract

The objective in this paper is to use the Zone Management Companies (ZMCs) behind the special economic zones (SEZ) policy in Poland as an example to investigate and explore heterogeneity in responses to policy treatment that are potentially due to differences in the public administrative entities. The specific research questions addressed in this paper are whether the individual zone administrations matter and, if so, how exactly do they matter? Do they matter because of their resources, the incentive structures that they use, or due to the services and institutional building efforts of the new, alternative, and unrestricted local zone administrations? Within the literature on special economic zones, we find very few studies that tackle this question, partly due to data limitations concerning the relevant variables for comparing zones administrations to each other.

We begin with a general introduction to the study. Section 2 offers an introduction to the design behind zone policy and some facts and data about the Polish SEZ design. Section 3 analyses the available data at the level of the ZMCs with a view to answering the research question as to why individual zone administrations could matter. In particular, we show that each major region in Poland has a successful ZMC, which suggests that geography alone does not explain the relative performance of these new administrative units. The more traditional regional data at the *gmina* level is introduced in Section 4. In Section 5, we study the intensive and extensive margins of firms at the very detailed level of *gminas* to investigate whether cluster-building efforts and successes differ across the 14 ZMCs. In Section 6 we present and discuss the results of regressions introduced in the previous section. The last section concludes with a discussion of the results.

We were inspired by the fact that in every part of Poland there are leaders and outsiders among the ZMCs in terms of jobs created, investments attracted, land developed and permits issued – the latter equivalent to the total number of projects attracted. Results of our empirical study suggest that the advantage of having a better zone location (in terms of geography, infrastructure, resources,

culture, and history) is relative, and other factors may be at play too. The quality of governance (administration) could be one of them. Our analysis has shown that this may be true.

Summing up, our findings on the relative importance of individual ZMCs in the overall design suggest that: (1) zone administration does matter; (2) competition between the ZMCs may be an important aspect, especially as the SEZ policy design switches from supply-led to demand-led; (3) tax incentives matter, but in this particular policy it is very hard to evaluate it due to the lack of reliable data (in each SEZ various investment locations may offer different ceilings of public aid).

Keywords: special economic zones, Poland, zone managing companies, panel data analysis, policy evaluation.

JEL Codes: C19, F23, H25, H71, O25, P48, R58.