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HOW FAR IS FROM RETAIL CHAIN TO BUSINESS NETWORK?

Abstract: One of the most common research topics in economic geography is enterprise analysis from various perspectives. The combined effect of enterprise growth, its internationalisation, as well as increasing possibilities of implementing up-to-date solutions within the scope of communication and information technology in enterprise management enable approaching the same enterprise and its role in shaping economic networks from a new perspective. Having adopted the above assumptions, the author attempts to present a thorough overview of networks in connection with geographical enterprise studies, their characteristic features, relations with similar terms and possibilities of employing empirical network research indices in the analysis of the retail chains functioning on the Polish market.

Keywords: business network, embeddedness, retail chain

1. ENTERPRISES AND RELATIONS IN ECONOMIC GEOGRAPHY RESEARCH

The relationism-based approach is one of the key methods employed by modern geography to study reality. As A. Lisowski (2003: 23) states: "relationism assumes that human cognition is not directed at objects, but at the relations between them. The human environment is not composed of objects existing independently of each other. The features of these objects cannot be defined separately from the wider structure. The characteristics of the objects are composed of a group of relatively understandable features". Only then it is possible to comprehend the mechanism of complex social or economic structures more easily.

Of course, the relations, e.g. between enterprises, discussed by geographers, are analysed mainly in terms of space, though space itself is variously defined. This was explicitly indicated by H. Yeung (2005: 43), who pointed out the varying nature of these relations, from mutual relations

between actors engaged in a given structure, through relationism in various spatial scales (from local to global) to socioeconomic relations (in the area of social, political and economic issues). Whatever is relative can assume many meanings. From the point of view of the company this is understood as the existence of inter-human and international networks and chains of various types, from cooperative through control to competitive. It is rather not about statistical relations, but dynamically developing processes, in which the company (actor) assumes the role of a not fully self-sufficient participant.

Though the issue of the enterprise has been touched upon in economic geography research for decades, it has not been until nowadays that we can observe an increase in the number of studies adopting the company's point of view or focusing on the relations in which the enterprise takes part. Adopting such a research perspective is connected with the establishment of large companies with numerous outlets and often of international or transnational character.

Focusing attention on the enterprise and making it the subject of one's research leads to an attempt to formulate a new definition of economic geography – relational economic geography. It is especially important to concentrate on the significance of managing entities, how they function in space and into what interactions they enter. This means moving away from the definition of spatial categories and regularities (Bathelt, Glückler, 2003a: 128). It is rather the context which is important, mainly the context in which human activity – always embedded in structures of incessant social relations – is pursued. If we perceive companies as such, they will prove not to be independent entities, but to be closely intertwined – by mutual communication and adaptation processes – with their suppliers, clients and institutions functioning in their business environment.

Still, the perception of enterprises in geographical analyses remains problematic. As M. Taylor and B. Asheim (2001) have proven, there are numerous possibilities within this scope. They discerned nine perspectives, from which companies can be perceived, and divided them into two groups: "rational" and "socioeconomic". The first group concentrates on effectiveness analyses as a means of assessing the standing of the company, whilst the other group focuses on approaches connected with social construction of the economy (as above: 317). The latter group includes the approach employed in this paper, i.e. the approach consisting in perceiving the company as the founder and/or participant of a business network. In accordance with the network perspective, the company is perceived as an embedded organization, which has its roots in the socially established relation and mutual connections networks.

Embeddedness itself, according to the concept of M. Granovettera (after: Bathelt, Glückler, 2003b: 160-161), might assume a relational or structural form. In the former case, the quality of the relations between the two actors, e.g. participants of economic life, is crucial. The quality of these relations depends on mutual understanding established in order to reduce the level

of uncertainty regarding the activity of the other party. On the other hand, structural embeddedness refers to the quality of the entire structure of mutual relations between many participants of joint actions. This follows from the assumption that the analysis of relations between other participants of economic life is important for the evaluation of the activity of two companies. In the case of companies managing retail chains this might help explain, e.g. different approaches to two types of goods suppliers. Chain managers approach strategic suppliers, large producers of limited sets of goods and members of the large group of standard goods producers who can easily be replaced by another small producer, differently.

Perceiving embeddedness in relation to various spatial scales is crucial for geographic research on company behaviour. We look differently at the behaviour of companies when we take into account the group of entities defined at the national level, in reference to economic, social and political institutions. The structure of the company itself becomes a reaction to legal provisions, codes of conduct and practices shaped by these institutions for the whole national market. The situation is different at the local level, when the companies' behaviour stems from the situation of the commune or poviat (surplus or lack of employees, strong or mild competition, etc.).

Therefore, when one looks at the company from a geographer's point of view, as M. Hess (2004: 173) noted, one should answer the question who and where is embedded. In economic geography the replies should point to a company embedded in a certain institutional chain or network, irrespective of whether the analysis is carried out at a local or regional level.

2. BUSINESS NETWORKS AND RETAIL CHAINS

2.1. Business networks

Networks have been a useful means of describing and explaining the behaviour of both animals and humans for centuries. It seems that due to the history of the sole concept of the network, it can be perceived as the combination of the human and technical (or rather technological) aspects, which is each time renewed. In other words, it is about a model/metaphor of the relations within the human organism and between human beings, complex devices or technical, infrastructural facilities. This also explains the numerous types of networks analysed within different scientific fields. As J. van Dijk (2006: 25) points out, the catalogue of types includes physical networks (e.g. ecosystems, rivers), organic (the nervous and circulatory system), neural (connections between nerves, mental maps), social (social systems) and technical (roads, distribution networks, computer networks).

Geographers express interest in at least three of the abovementioned types of networks, with a varying composition and even richer set of potential and actual relations.

It is difficult to indicate the exact moment in time when the topic of business networks began to play a major role in research. These difficulties partly result from the fact that there are numerous ways of comprehending the sole concept of the network. This refers not only to the common understanding of this idea, though in everyday life this term is often used. It concerns rather the multitude of scientific disciplines, within which concepts (theories) connected with the establishment, growth and functioning of networks are developed.

It suffices to list the most common, i.e. network research in social sciences (sociology, economy, management), technical sciences (IT), as well as geography and spatial research. Since at least two decades we have been witnessing that “across the social sciences, from anthropology to sociology to political science to economics, there is research on the role of networks in shaping such diverse phenomena as migration, entrepreneurship, the viability of communities, and international trade...” (Smith-Doerr, Powell, 2005: 379).

It should be explained what networks, and especially business networks, are. The simplest understanding of the concept is perceiving it as any system of links and nodes. The link is a linear relation between two nodes. From the functional perspective, this might be a method, a specific code, means or form of communication. From the other point of view the node is a point located at the end of a link, or the place where two or more potential or real links intersect. In the real world this is usually the sender or recipient of the transfer (of information).

One might refer to one of the many definitions of the network, namely to that of J. Murdoch (1995), who defines the network as a particular type of relations linking groups of people, objects or events. Though this definition differs significantly from an operational one, more detailed definitions might be derived from it and employed in sociology and/or economy.

The general definition of the business network has benefited greatly from the works of economic sociologists. This definition indicates a certain form of organised economic activity involving a set of nodes (persons or organisations) linked by a network of mutual relations (contractual obligations, family ties, membership in commercial associations; Gulati, 2007: 2). Economic geographers perceive this similarly, as a “set of relations between actors – participants of an economic game” (Stryjakiewicz, 2005: 1), where the set of actors includes not only plants or enterprises, but also organisations, institutions and even governments. Business networks are defined slightly differently by H-W. Gottinger (2003: 5), who sees the network as a group of companies linked to each other by strategic alliances. The author even takes a step further (as above: 1), and points to the specificity of the network enterprise, “where the firm or its product consists of many interconnected nodes, where a node is a unit of the firm or its product, and where the connections among nodes define the character of commerce in the industry”. On the other hand, Bianchi and N. Bellini (1991) wrote “the network

is an interactive team of companies based on external work division and not subject to hierarchical management” (after: Grzeszczak, 1999: 54). This refers to situations in which networks are established as self-organising structures, without a distinct leader. This view is not always shared, as even within the types of business networks one can find examples with hierarchical management. Business networks in which a leader can be identified are referred to as strategic networks.

From the point of view of spatial analysis it is irrelevant whether the group of actors (participants) stems from the internal relations in the enterprise, from relations between companies or are established on the contact of business (companies) and other socioeconomic institutions. This allows for discerning network relations within the company (intra-firm), between companies (inter-firm) and relations reaching beyond the area of business (extra-firm). If one agrees with the statement that the company is one of the key organisational forms in modern social life (Yeung, 2005: 313), then understanding the structure of links and basic directions of changes in the economy requires monitoring the participation of the company in the three abovementioned types of network relations. In the first case (intra-firm), one ought to pay attention to the structure of the company (its branch offices, scale of integration; Yeung, 1998: 71). In the inter-firm relations, the number and type of links within joint activities, agreements with contractors, suppliers, cooperating entities, as well as participation in strategic agreements, using/granting licences, franchising agreements, are significant. Finally, the extra-firm option involves networks in which, apart from companies, state institutions, research institutes, universities, and non-governmental organisations are included (Yeung, 2005: 315). In this case the relations resulting from executing government orders, cooperation with research and development institutions or shaping the organisation of public economic institutions (specialist associations, lobbying groups), are crucial.

Which type of economic networks does one encounter most often? Since there is no agreement on the definition of the business network itself, then one may expect that the range of business network types will differ depending on the research approach. In the broadest scope, however, when we take into account the three abovementioned levels (intra-, inter-, and extra-firm), authors discern as many as over ten types of business networks. In the typology put forward by E. Todeva (2006: 161) one shall find:

- Entrepreneurial small business networks,
- Family business networks,
- Networks stemming from traditions of the Far East: family, community, circular shareholding or trading business networks (*guanxi*, *keiretsu*, *sogo soshu*, *chaebol*),
- Value chain supply networks,
- Global sourcing and global commodity chains,
- International corporate networks (MNC, strategic alliances),
- R&D alliance networks and project networks,

- Network-based businesses (utilities, public services, infrastructure networks),
- Communication-based business networks (Internet),
- Spatial clusters, industry clusters.

In economic life, each of the abovementioned types might occur more or less often, and each – by interacting with other entities and structures – might undergo changes or even become the source of a new network type. When analysing economic relations here and now – on the example of Poland – one might apply the typology suggested by the author as a set of model network types. Each of the types has a specific structure of business links depending on the actor, the network participant and the environment in which they are functioning.

2.2. Retail chains

Retail chains are an increasingly frequently occurring example of network structure in the economy. Similarly as in the case of business networks, it is also difficult to provide a single, generally-accepted definition of this organisational structure. At least two terms are simultaneously used: multiple (retailer) or retail chain.

As J. Perkins and C. Freedman (1999: 128) point out, “no universally accepted definition of a chain or multiple retail concern emerged, rather than the operations of more than one store”. The most often mentioned methods of defining the retail chain indicate two criteria: minimal number of shops belonging to the organisation and the very principle underlying the organisation of the network. It might be said that the retail chain consists of two or more outlets belonging to the same owner and selling the same stock of products. In British literature of the field, the multiple retailer is defined as a chain consisting of more than ten shops (Morelli, 1997: 772). When comparing retail chains and multiple retailers it is not important how many shops belong to the network (two are enough to analyse mutual relations).

It is more significant to perceive such structures from the point of view of their organisation principles, usually in regard to the methods of managing the business network.

If one were to draw general conclusions from the above statements, one might state that business networks, as an example of organised retailing, are structures within which companies manage at least a few shops. The establishment of networks is the effect of the phenomena of concentration and integration. According to Pokorska and Maleszyk (2002: 14), Poland is currently witnessing at least four types of retail concentration, which one may define as capital, organisational and technical, organisational and functional, and functional and spatial concentration. Each of the abovementioned forms of concentration reflects the types of established retail chains.

Two types of chains are characteristic of capital concentration – together with the establishment and development of corporations, holdings and other forms of enterprise integration, which usually accompany capital concentration – subsidiary and diversified. Subsidiary chains are characterised by central management responsible for sales and purchase management, similarities between the shops (offer, sales technology). In their pure form the chains are the property of one enterprise (corporation; as above: 14).

Retail chains related to the cooperative movement are of similar character. Diversified chains are usually networks in which one operator groups separate retail chains each of which offers a different assortment of goods, and has shops which vary in size, interior and exterior design.

Capital concentration is accompanied by an organisational and technical concentration, which is characterised by establishing large scale retail units (hypermarkets, supermarkets, discount stores, as well as shopping centres and malls). According to H. Szulce (1998: 61) these networks – corporate retail chain – constitutes a specific type of subsidiary network (chain). This type of network has attracted most publicity, due to their growth rate, size of single facilities (especially hypermarkets), amount of invested capital (most often foreign capital) and potential and actual conflicts triggered by the development of such sites.

In the case of organisational and functional concentration, when certain management and marketing functions are combined (integrated) and performed jointly for the whole group, then the network most often becomes a so-called integrated retail chain. These networks assume the form of retail associations and are managed mainly by wholesalers of retail groups or franchising groups.

Last but not least, the form of retail concentration (functional and spatial) becomes visible in the development process of shopping centres.

Since in the case of retailing the mentioned processes of concentration and integration can assume various forms, then this also leads to increasingly different forms and types of organised retail companies. As early as in the mid-1990s, J. Sala (1994: 13) pointed to a wide range of categories according to which subsidiary companies could be classed. He indicated the number of the company's subsidies as one of the fundamental indicators here.

Though nowadays we are witnessing rapid changes toward retail trading consolidation, establishing vast (also in terms of space) retail chains, these phenomena are not a development of recent years. First examples, resembling current conglomerates, were established at the end of the 18th century and in the first half of the 19th century (Alexander, Akehurst, 1999). These entities in a way preceded the establishment of generally acknowledged and thoroughly analysed various business networks. This is just one reason to consider whether the character of modern retail chains resembles that of business networks.

3. CHARACTERISTIC FEATURES OF BUSINESS NETWORKS – EXAMPLE OF RETAIL CHAINS IN POLAND

3.1. Characteristic features – empirical indices for network research

In the business network structure companies may be linked on many levels, also in geographic space. These links may be of economic or social character, include relations with suppliers, goods flow (raw materials, semi-finished goods, ready goods, information, funds), membership in supervisory boards. This might also be relations between employees or links between the company and its business environment, e.g. banks or insurers.

What ensues from this is the problem of studying business networks, including retail chains. One may refer to the work of sociologists within this scope. Sociologists point to many characteristic features, such as centralisation and power. Economists perceive this similarly. E. Todeva (2006) puts forward such an empirical approach. Todeva discerns three groups of indices, which prove useful when analysing economic networks (see Fig. 1). The first group includes the characteristics of the actors themselves (members, agents, participants) of the business network. The second group focuses on relations between its participants and treats it as a basis for the identification of the business network. The third group analyses the structure of the whole network, showing various positions of the actors and mutual dependencies. Only taking into account the three groups of indices jointly allows for a relatively complete characteristic of the business network, principles of co-operation of all participants of the economic process.

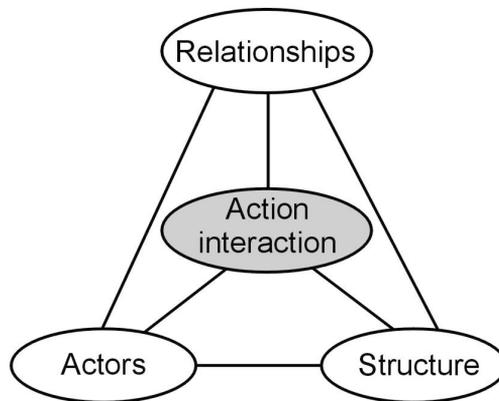


Fig. 1. The intertwined actors, relationships and network structure

Source: E. Todeva, 2006, p.46.

One ought to finally consider what possibilities of analysing retail chains are vested in the set of indices describing the business network in the three

abovementioned scopes. We shall provide examples of the features observed in retail chains functioning on the Polish market.

3.2. Characteristics of the actors

When listing the characteristic features of network participants one should pay attention to the factors influencing the behaviour of actors in the network, their decisions and engaging into relations and exchange within the network. These factors can be divided into two groups: individual properties and structural properties. In the first group the fundamental characteristics concern the size of the company itself (employment, turnover volume), its history, ownership and management structure, amount of accumulated assets (including knowledge and skills of employees, knowledge about pursuing business activity) and capability to establish new relations.

On the basis of the characteristics (Table 1), one may compare the power of particular nodes in each network to competitive networks. This allows for comparisons at the local level, on city level. On the one hand stores/actors vary in terms of surface, employee number, offer range or turnover volume. On the other hand, it is possible to discern better and worse shops in terms of effectiveness [e.g. turnover per 1 m² of sales surface or per 1 employee]. Access to data about each separate store belonging to the network enables carrying out an evaluation also in one's own network.

Table 1. Selected characteristics of an average shop – actor of a retail chain in Poland in 2007

Characteristics	Real	Polomarket	Biedronka	Groszek
Retail format	hypermarket	supermarket	discount	convenience
Average sales area (sq. m)	8500	450	500	126
Range of goods	45000	6500	900	3000
Employees (number)	270	34	17	6
Average annual turnover (mPLN)	104.0	8.0	7.7	1.2
Annual turnover (kPLN per sq. m)	12.0	22.8	17.2	9.9
(kPLN per employee)	385	234	450	207

Source: own elaboration on the basis of *Mapa zorganizowanego handlu...*, 2008.

The power and size of the entire retail chain on the given market is a separate issue. This enables comparing competitive chains, e.g. within the scope of each of the retail formats. For example, it turns out that among hypermarket chains, Real and Auchan (5,2 and 5,1 billion PLN) obtained comparable turnover in 2007, though they definitely have a varying number of stores (Real – 50, Auchan – 21). In the case of discount stores Jeronimo Martins Dystrybucja (Biedronka) with 1170 stores and 9 billion PLN annual turnover was definitely the leader. Netto and Plus Discount achieved

similar turnover volume (mPLN 1.5 and 1.4), but they disposed of a different number of shops (Netto – 143, Plus – 210).

The second group of characteristics of actors/nodes consists of indices discussing their behaviour and manner in which they establish relations and engage in exchange. In other words, it is about features which enable defining the level in which actors control these links. It is possible to enumerate the following features here: position, status, role, prestige, power and centrality.

Defining position involves allocating actors to groups or assigning a role to each actor belonging to the group. It is assumed that actors with similar positions act similarly and compete with each other, but stand against rivals from different chains together. It is difficult to talk about competition, if there is only one leader, i.e. the company managing the entire structure. Similarly it is possible to claim that competition is non-existent in the case of stores (network nodes) whose position in space (also on the local market) has been specified by the manager of the whole chain, often so as not to threaten neighbouring stores belonging to the same chain. Although almost 40 stores of the Biedronka discount chain are operating in Warsaw, their identical position in the network inhibits them from competition with each other.

Differently from other business networks, the position of stores in the chain is usually similar, therefore it is difficult to detect differences in their status, as well as in the roles they within the company. There is one coordinator of activities in the network, one information sender, one person giving orders – the chain operator. Particular shops are actors with non-differentiated positions, which means their status is similar, and as a result they perform quite similar roles.

Role diversity, however, can be shown on the example of other retail chain members. The roles of goods producers/suppliers, logistics operator (with one central warehouse or many regional ones), and of companies managing shops are clearly different.

3.3. Characteristics of the relationships

The basic issue in network analysis is the detection of a relation, a link, a relationship between two nodes, actors. It is significant to determine whether the relation is unilateral or bilateral (mutual), what the paths of information and resources flow and to what extent each of the actors is “available” within the network.

The key characteristic feature of the network link is the very nature of the relation. Usually it assumes one of the three forms: cooperation, control or competition. The same actor, network participant might at the same time be involved in competitive and cooperative relationships. The operators of the Tesco and Carrefour functioning on the Polish market are rivals in terms of market share of their hyper- or supermarkets. At the same time the Polish

branches of both companies are partners in representing the whole retail trading industry before the government and national consumer organisations. Cooperation in this area is ensured by membership in the Polish Retail and Distribution Organisation (POHiD), which since 2000 attempts to represent the interests of large retail companies before state institutions. Merging competition and cooperation also occurs on the border of trade and industry, where food producers supply their goods to retail chains, and at the same time distribute them through their own outlets, e.g. the meat processing plant in Łuków – Zakłady Mięsne Łuków. In the case of intra-firm network relations (network administrator – subsidies), control is the dominant feature.

Another characteristic includes the subject matter of the relations occurring within the network. The most explicit example here is the exchange of resources between the supplier (producer) and the retailer. The relationship between the chain operator and shops is different, if the crucial activity is on the one hand informing about the delegation of tasks, and on the other hand providing feedback on the achievement of goals, e.g. the sales plan, from the other side.

Directionality helps us understand who initiates the relations and allows for specifying which party is most interested in establishing and maintaining the relationship. On the example of the buyer-supplier links it is possible to show that the initiating party is often the retail company, in the case of, e.g. luxurious goods, produced only by a specified, renowned producer. Often the producer is the initiating party, when he intends to introduce his products to stores belonging to the chain. This concerns, e.g. small production companies. As long as the exchange is symmetric, the direction of the relation is also connected with an assessment. A specific feature of many retail chains is the asymmetry of relationships – an example would be the control exercised by the head office over subsidiaries (shops).

A lot can be said about the functioning of retail chains when assessing the power of the links between the actors resulting from the number of repeated interactions occurring over a longer period of time. When cooperation of the retail chain with the supplier is limited to single, occasional supplies, then the link is rather weak. But when the retail chain operator has been cooperating with the given goods supplier/producer on a regular basis for many years, then we can talk about strong links between these actors. Sometimes such relations become strategic links. Such a situation occurs when at least one of the parties is intent on maintaining the relationship. Usually the producer/supplier is the party wishing to maintain contact.

Changes in purchasing habits of Poles indicate that they visit retail chains more and more often. For many food and non-food goods producers this is an obvious sign that only introducing their products to these networks will ensure an increase in turnover volume. Therefore criticality, i.e. the necessity to maintain this relations, is mentioned increasingly often in the context of supplier-retailer chain relation assessment. This is also the source of often reported signals of misuse of the privileged position by representatives of

retail chains in negotiations with suppliers, e.g. poultry products producers. For many, especially small production companies, maintaining the relation is a matter of survival of the company.

3.4. Characteristics of the entire network configuration

Characteristic features of entire networks complete the characteristics necessary to describe the entire network configuration. These indices reflect the specific social structure of the network by showing various actor positions and mutual relations between them. Basic measures here are the size of the network determined by the number of actors and centrality indicated by the leading actor. Other indices follow from these: spatial configuration of the network and its contents and organisation and management of the entire structure. In this group also its surroundings are mentioned (embeddedness), existence of sub-groups (cliques).

The size of the retail chain is usually measured by the number of outlets belonging to the structure. Usually, depending on the development rate of the company and scale of activity, one might talk about networks grouping over ten or tens of facilities locally. The supermarket chain Marcpol operating in Warsaw and the vicinity of the capital, provides an example of activity on a local scale, another example form cooperative stores organised by one cooperative. Similar chain size also concerns hypermarket networks (Auchan, Real) or delicatessen supermarkets (Alma, Bomi) operating on the national scale. In the course of market development, organisms consisting of a hundred, couple of hundreds or even few thousand facilities appear. The chain Biedronka has most stores belonging to the category of discount stores (approx. 1500 in the whole country) and convenience stores: ABC (nearly 3 thousand outlets), Żabka (over 2 thousand) and Groszek (over 1 thousand).

In order to assess the centrality of the given retail chain, it is necessary to identify the main actor. Usually it is the company managing the entire network, the organiser of the whole enterprise. The structure of most retail chains resembles a star (in other words: is hegemonic, ego-centred). This means that all nodes are connected only with the main node, from which they receive orders, which appoints goals and principles of functioning of the entire structure. Links between actors/nodes are rare, as well as the possibilities of other shops being influenced by an ordinary member (shop). In other words, this is the position of the head office in relation to particular shops. Retail chains functioning in Poland are not an exception in this point; usually they have an easily identifiable central node. Its position is sometimes notable strengthened when not only the management board of the company, but also the central warehouse supplying all shops belonging to the chain is located in the same place, e.g. the supermarket chain Polomarket.

Spatial configuration of the network is usually altered in the course of its expansion and establishment of more nodes. The localisation of warehouses (central and regional) providing supplies to the shops is crucial for the retail chain. The development strategy itself has significant influence on the changes in network configuration. In such cases it is often possible to observe a specific hierarchical diffusion, when stores start appearing in smaller and smaller towns. In the case of the Lidl chain (see Fig. 2), at the beginning of its establishment process in 2001 its shops were located in cities with 112,000 citizens on average. At the end of 2008 this index was reduced to 78,000, and this year new shops were opened in towns with an average of 54,000 residents. The country of origin of the company managing the entire chain is also of significance. As one can observe on the example of the discount chain Lidl, the closeness of the original German market influenced the geographical expansion of the company in Poland. Stores were first open in areas closer to the German border, and appeared in Eastern Poland not until 2006 (see Fig. 2).

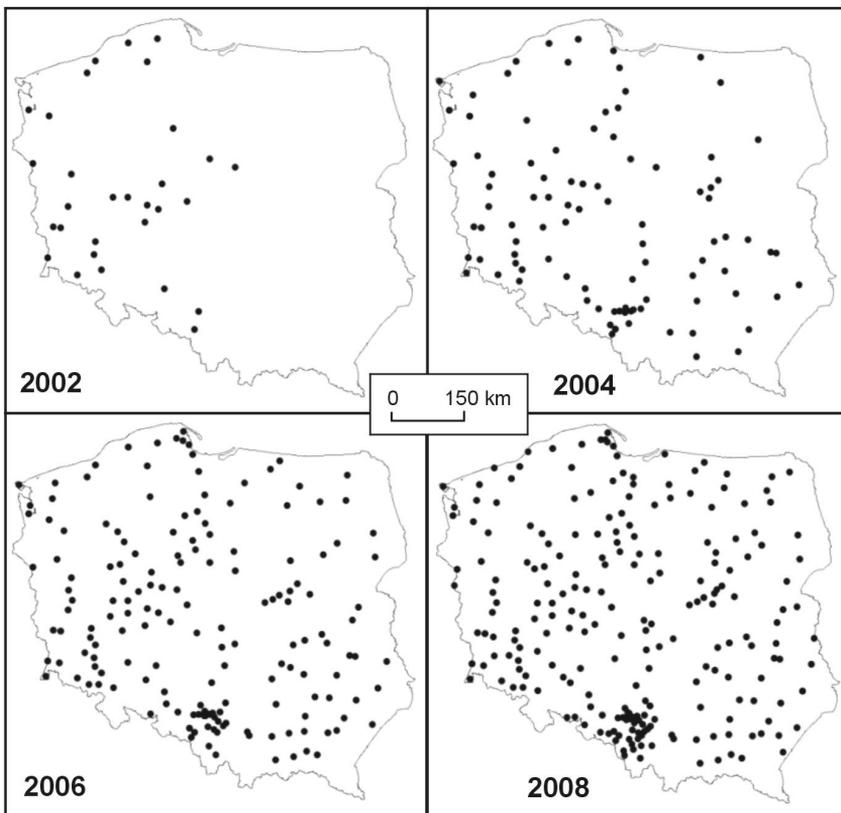


Fig. 2. Spatial development of the Lidl discount store chain in Poland in the years 2002-2008

Source: own elaboration based on data obtained from the operators website (www.lidl.pl)

Regional retail chains usually exhibit w slightly different spatial configuration. Depending on which market segment the given chain is active in (discount, convenience, supermarkets), the spatial configuration will copy the spatial structure of cities or smaller settlements (communal villages). Both in the case of nationwide and regional chains, spatial proximity of particular actors/nodes does not introduce variety to the chain. This is about the principle of not overlapping of market areas (catchment areas) of particular shops. It is understandable that managers do not want to invest in facilities which will take customers away from existing shops. This principle concerns subsidiaries (own shops), as well as franchising outlets (license provider obligation).

The decision-making process and coordination of activities are strongly centralised in Poland, as in most cases the retail chains in Poland have one main actor (head office). The managers of particular facilities are usually responsible only for achieving targets and reporting on obtained results. The only decisions which can be taken independently concern part of the supply. Usually they decide about a few percent of the assortment consisting of super-fresh food products obtained from local suppliers.

The density of the retail chains is usually high, as the roles of its actors are not very differentiates. This often assumes the form of a dual structure: head office (main node) and facilities identical in terms of size, catchment area or assortment.

The assessment of the surroundings of retail chains (actors' embeddedness) can be analysed in terms of various spatial scales. This concerns the number and scope of relations with external organisations and institutions. L. Mitronen and K. Möller (2003: 422) divide actors maintaining extra-firm relations into groups according to the level of involvement in enterprise management: single shop, entire chain, enterprise managing many chains. In regard to the situation on the Polish market, a single shop will usually find ordinary competitive shops (independent and other chains), local authorities and other institutions. In the case of chains with a less centralised supply structure (storing of goods), one should also take into consideration sales representatives of producers and wholesalers. At the level of the entire chain (of regional scope), the presence of other competitive chains, the number and spatial configuration of suppliers begins to play a more significant role in the assessment of its business environment. In Poland, the roles of poviats and province institutions is less significant for retail chains, apart from the certain influence exerted on the decisions regarding approval of new shops localisation. Supervisory institutions also have a relatively strong position in relation to single shops (but not the entire chain): Tax Chamber, Trading Standards Association, sanitary services, labour inspection, and poviats (district) consumer advocates. When moving towards the nationwide management level, relations between the chain(s) managers and their surroundings start including the central government together with its decisions influencing the labour market, policies on competition, as well as supply from external sources. In

the case of markets of European Union member states, which are the home markets of many companies establishing retail chains in Poland, there are no serious duty barriers inhibiting the import of goods to the Polish market. Some companies, e.g. Tesco, use national suppliers to provide stock to their shops on the home (British) market. Consumer organisations are also gaining significance, as well as the purchasing habits of social groups, which sometimes vary depending on the region.

CONCLUSION

The company, as the subject of economic geography research, has benefited significantly from changes in scientific approaches in this field. It is especially important to consider the role of the institution in analyses of economic growth level. It is very important to move away from analyses concentrating solely on the position of the company in geographical space (location). Research on mutual relations between economic life participants seems to provide much more knowledge about the functioning of a given region's economy. Broadening one's perspective so as to include not only on institutions and organisations, which of course includes companies, but also the power, nature and intensity of these links leads to relational economic geography.

One of the main subjects of economic relations analysis is studying business networks. The network metaphor is justified in relations to the world of business, as we are witnessing an increasing number of mutual links, and sometimes the whole structure is called an linked economy. The network as a tool for analysis constitutes a specific bridge between the social and economic dimension of human behaviour, between the academic environment and the world of business practitioners.

The large number of types of business networks leaves room for corporate retail chains and other retail chains developed on the basis of agreements between independent economic, private and cooperative entities. Retail chains vary in size, participant number and operator type. Retail chains, which have been established and are managed by retail companies from Western European countries, have a strong position on the Polish market. Store of Tesco, Carrefour, Auchan, Metro Group, Lidl, Netto or Intermarché on the Polish market have been established and are managed by Western European countries' companies. Their power, assessed on the basis of their share in the retail market, is constantly on the rise.

Retail chains are poorer due to the features assigned to business networks. This is connected with the lower differentiation of the features of the actors (nodes) themselves, the fact that shops do not differ greatly in size, surface or turnover volume. The roles, position and status of economic entities is also not varied greatly, and its structure often resembles a star network, with one centre and many subordinate players (shops).

This lack of differences in the roles performed by the actors impoverishes the set of relations usually occurring in business networks. They are often of controlling character (head office-shops), more rarely of cooperative nature (network operator-suppliers). This is connected with a frequently occurring asymmetry in relations, the influence of the chain operator and subordinate shops or suppliers and logistic companies cooperating with the network. For many chain participants the need to maintain relations is actually necessary to ensure the survival of the company.

Within the scope of the features describing the structure of the entire retail chain, they do not differ significantly from other business networks. Such entities are frequently large and involve many thousands of participants (hundreds, thousands of shops and suppliers). The spatial configuration of retail chains is sometimes also differentiated and ranges from local, limited to one city, to nationwide. Such networks can also be analysed from the European perspective, e.g. Lidl. However, taking into account the political border is not necessary for properly depicting the embeddedness of a sales network in its institutional and social environment.

Despite differences between retail chains and typical business networks, the former belong to the category of economic entities. Due to their structure, operation mode and other features, they are placed slightly further away from the model network. It doesn't mean that they aren't business networks.

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