

# From Traditional Service to E-Service Market Change in Poland During Transformation 1989-2010

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## 1. Introduction

It has been thirty years of transition in Poland, the transition from the idea of real socialism<sup>1</sup> to democracy and from centrally planned economy to a free market. Today's transformations continue to run in the atmosphere of a global economic crisis, which has been the largest for the last seventy years. Poland is one of the few countries which have not suffered its strong effects, though has been incorporated into a global crisis through participation in a global economic exchange. This is one of the effects of the implementation of the principles of democracy and free market economy.

An analysis of the contemporary social changes includes identification of the phenomena and processes associated with the operation of the third economic sector, namely services. The starting point for our considerations is the concept of the three sectors of the economy developed in the thirties of the twentieth century by Colin Clark Grant and Allan G.B. Fisher. In this paper we are trying to show the evolution of societies from traditional to modern ones and metamorphosis of their economies. Our empirical reference system are transformations of the service sector in Poland, while referring to certain aspects of the transformation of the third sector of the economy in the megastructural context. Contemporary Poland has been in the transition phase from the dominance of agriculture and extractive industries to expansion of the sphere of services, both traditional and modern ones, including E-service. This process has been accompanied by transformation of farmers, and especially working class into the class providing services, which we call the new middle class. These are people of high civilizational competence, creative, flexible and professional.

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<sup>1</sup> Real socialism, also associated with the term communism, is the name of a political and economic system in Poland in 1944 - 1990. The starting date is connected with domination of the USSR after the Second World War, a country that established its sphere of influence in Middle-East Europe. Poland was one of the countries in that sphere. The closing date is the year of first democratic elections, after which Lech Wałęsa became the president of Poland. Real socialism was characterised not only by political domination of the USSR in the region, but also limited civil liberties, central government held by a single party - the Communist Party, and central economic planning.

The key elements of Polish economic transformation have been the dynamics of the economic crisis in some countries of the European Union and the United States or Japan, and changes within the state, including those related to political dominance in the sphere of power. An important problem still remains the situation in the oil-rich Arab countries, especially in Libya. The increase in fuel prices triggers the rise in prices of almost all goods and services. And consequently Poland is being influenced by all these trends.

The process of transformation in Poland is still continuing, and Polish people associate with this process two main groups of issues. Firstly, the profits resulting from the marketization of the economy: improving the supply of shops, a general rise in living standards, the introduction of a free market. Secondly, the benefits coming from possession of certain freedoms: freedom to travel, freedom – in general, civil liberties and freedom of speech as well as political freedom. Polish people appreciate, above all, economic freedom, free market, restoration of private property, implementation of capitalism, privatization, the opportunity to develop their own businesses. The issues of freedom and marketization of Polish economy still seem to prevail in the evaluation of Polish transformation.

The main aim of this paper is an attempt to analyse Polish transformation in terms of economy, through an initial presentation of the identification of the phenomena and processes associated with the operation of the third economic sector, namely services. Reaching by the state the advantage of services especially modern ones, over other sectors, means reaching maturity in terms of economic development. We are going to connect the expanding sphere of services in Poland with the principles of a free market but also with Poland's place and its role in the creation of a network of contemporary connections between global centres of innovation. We are also going to show both Poland's informatization level as well as associated with it the level of development of the sector of modern services.

## 2. The sector of services: Metamorphoses

Since the mid-nineteenth century, when Auguste Comte defined the object of sociological research, some attempts have been made to understand the fundamental transformation of society from traditional to modern one and related processes of urbanization, industrialization and the spread of capitalism. Thus, among others, Claude Henri de Saint-Simon and Auguste Comte developed the idea called the law of three stages, which states how society (civilization) develops. According to this law, human beings develop through the theological stage, the metaphysical stage and the positive stage<sup>2</sup>. But it was primarily in the early twenty-first century when people felt a strong need to understand social changes taking place because never before in human history changes had occurred as rapidly as today, and had not covered all spheres of life, such as: art, science, religion, morality, education, politics, economics and family life<sup>3</sup>.

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<sup>2</sup> A. Comte, *Rozprawa o duchu filozofii pozytywnej*, [The Course in Positive Philosophy] tłum. J.K., Wydawnictwo ANTYK: Kęty 2001; C.H. de Saint-Simone, *O systemie industrialnym* [w] *Pisma wybrane*, tłum. Stanisław Antoszczyk, t.2, Książka i Wiedza: Warszawa 1968

<sup>3</sup> P. Sztompka, *Socjologia zmian społecznych*. [Sociology of social changes] Wydawnictwo Znak: Kraków 2005, s. 13

The scheme of imperative stages of social development, namely the traditional society (preindustrial), modern (industrial) and postmodern (post-industrial), and today also the information society (postmodern) was determined by reference to the level of economic development<sup>4</sup>. One of the earliest models of development was formed by identifying the third sector of the economy – the sector of services, and distinguishing it from agriculture and industry. Previously it was thought that industry and services were interdependent. Already mentioned Colin Clark Grant, together with Allan G.B. Fisher were the authors of the model of economic development which took into account the three sectors of the economy. Clark-Fisher's model refers to three stages of development:

1. Domination of agricultural production, fisheries, forestry and mining of natural resources - at this stage there are low-income countries.
2. Production concentrated in industry and construction - at this stage there are countries with an average income.
3. Domination of services (including education), and this stage includes high-income countries. The advantage of the third sector means reaching maturity by the country in terms of economic development<sup>5</sup>. Taking into consideration the abovementioned model we can distinguish three key sectors in economic development: agriculture and extractive industries (sector I), processing industry (sector II) and services (sector III). Each of them dominates at different times of development of specific societies.

In a traditional society whose economy was based on farm work, dominated labour-intensive technology, and manwork was directed mainly at harnessing mother nature. In modern society dominated manufacturing, capital-intensive technology and human competition with machines. Postmodern society relied on information, processing, technology and competition between people. One of the features of postmodern society became domination of services. However, these are the highly qualified services. The very understanding of the concept of 'service' is not unambiguous. American sociologist Daniel Bell wrote: "the word 'services' automatically can be associated with low-paid work in fast food restaurants, but this is misleading. By the idea of main sectors of service we mean banking services, designing, professional services, and existential (health, education, social services), and only at the very bottom of this list can be found services addressed to an individual customer."<sup>6</sup> Characteristic for postmodern society are specialized and technical services. This means that services can be divided into traditional and modern ones, which come primarily for the production, collection and distribution of information. States with such services constitute the backbone of the global economy, culture and politics. Traditional services have existed since the beginning of sedentary civilizations, and commerce and craft services had already accompanied the oldest Greek polis and Roman urban centres, *civitas*.

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<sup>4</sup> K. Krzysztofek, M.S. Szczepański, *Zrozumieć rozwój. Od społeczeństw tradycyjnych do informacyjnych*. [To understand progress. From traditional to information societies] Wydawnictwo Uniwersytetu Śląskiego: Katowice 2005, s. 36

<sup>5</sup> [http://www.dolnyślask-innowacje.eu/pages/files/File/biuletyn/311207/ISKRA\\_KrzysztofPiech.pdf](http://www.dolnyślask-innowacje.eu/pages/files/File/biuletyn/311207/ISKRA_KrzysztofPiech.pdf)

<sup>6</sup> D. Bell, *The World in Year 2013*. "Deaedalus. Journal of The American Academy of Arts and Sciences" 1987, vol. 116, no 3. (quotation translated by the author)

The modern world has created a new sector – modern services, or E-service, which characterizes information societies, that have not been clearly defined by the researchers. Some of them, like a Japanese sociologist and computer scientist Masuda Yoneji<sup>7</sup> or an American writer Alvin Toffler<sup>8</sup>, treated information society as the next, necessary stage in the evolution of post-industrial society. Y. Masuda, for example, spoke directly about post-industrial information technology society. Others, especially Majid Tehranian<sup>9</sup>, recognized information society as an entirely new stage in the process of universal modernization. They also argued that in this stage there are only a few countries of rich West, though the development of modern services sector is being shared by a growing number of countries on different continents.

In the process of building the information society, the access to knowledge and information and the ability to use them in everyday life is becoming the most important for the citizens. A key element of economically, environmentally and socially sustainable world are Information and Communications Technology (ICT) – and the level of readiness of countries to use ICT is determined by the Networked Readiness Index (NRI). The ICT level determines the level of development and competitiveness of single countries. Network-readiness indicator (NRI) is a state of preparation for the effective use of ICT in three dimensions: general business, legal and environment infrastructure in ICT; readiness of three key social actors: individuals, businesses and governments; actual use of ICT<sup>10</sup>. According to 2010-2011 NRI ranking, the most outstanding country was Sweden, which remained the leader like in 2009. Equally high in this ranking are other Scandinavian countries, as well as Switzerland, the United States of America and Canada. The sixth place went to Taiwan, the first country not belonging to the rich West. A hundred and thirty eight countries were scheduled in this ranking. Poland was in the 62<sup>nd</sup> position, which means slight advance having compared to the 2009-2010 report, by three positions and an increase in total grade from 3.74 to 3.84. The maximum note is 6.0. Last in the ranking, for many years, have been African countries. In the 2010-2011 ranking it was Chad, which received a note of 2.59<sup>11</sup>. Poland was placed in the mid-ranking list, which means the average willingness to the network (NRI), and the same level of preparedness to use ICT. And these techniques with the level of public access to the Internet are necessary for the development of E-service.

According to NetTrack study in 2010, 52% of the population in Poland benefited from the Internet comparing to 49.5% in 2009. Among Internet users in 2010, 72.0% did so on daily basis or almost every day, and 19.1% several times a week. Most Polish people use the Internet at home (93.8%) and at work (21.2%). The largest group are Polish Internet users with secondary education (41%) and university education (26%). More than 44% have been

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<sup>7</sup> Y. Masuda, *Modernization and the Structure of Societies*. University Press: Princeton 1986

<sup>8</sup> A. Toffler, *Trzecia fala*, [The Third Wave] tłum. Ewa Woydyłło, Państwowy Instytut Wydawniczy: Warszawa 1997; A. Toffler, *Szok przyszłości*, [Future Shock] tłum. Wiktor Osiatyński i in. Wydawnictwo Zysk i S-ka: Poznań 1998

<sup>9</sup> M. Tehranin, *The Course of Modernity: The Dialectics of Communication and Modernization*, "International Social Science Journal", 1988, vol. 32, no 2

<sup>10</sup> [www.weforum.org/issues/global-information-technology](http://www.weforum.org/issues/global-information-technology)

<sup>11</sup> "The Global Information Technology Report 2010-2011": [http://www3.weforum.org/docs/WEF\\_GITR\\_Report\\_2011.pdf](http://www3.weforum.org/docs/WEF_GITR_Report_2011.pdf)

using the Internet for more than five years, and the most often visited pages among Polish internet users are: GOOGLE (89.5%), ALLEGRO (68.3%) and ONET (57.6%)<sup>12</sup>. The access to the Internet of almost a third of municipalities in Poland is still less than 30% of the dwellings. High (above 50%) or very high (above 70%) level of access to the Internet was recorded in only 19.5% of communes in Poland. Very high access (70%-100%) can be found in the largest cities in Poland and their surroundings: Warszawa, Wrocław, Kraków, Poznań, Gdańsk or Metropolis Silesia<sup>13</sup>. With comparison to the computerized European Union, situation in Poland is not satisfactory. Among the EU residents, 24.8% owned fixed broadband. In Poland only 13.5%, which placed the country in the last three EU countries. On the other hand, 58% of entrepreneurs in Poland legitimize broadband Internet access, while the EU average is 83%. These results rank Poland at the end of the European Union countries when it comes to the level of computerization and Internet usage by its residents<sup>14</sup>. According to the International Telecommunications Union (ITU) at the end of 2009 the access to the Network had 26% of the world's population. This number doubled between 2003 and 2009. However, there is a huge disparity in Internet access between developed and developing countries. In countries with the highest level of civilization development, 60% of households have access to the network, while in developing countries, this is only 12%. In recent years, the largest increase in the access to the Internet has taken place in China and India<sup>15</sup>.

Innovative activity, which is the core of modern development and offers access to the most modern services needs spatial concentration – restructured industrial regions, university areas, technopolis, and most of all metropolitan areas. These are metropolises that offer easy access to a variety of businesses, universities, research centres – the ideal background for innovation<sup>16</sup>. A limited number of major metropolitan centres like New York, Tokyo, London or Frankfurt, not only dominated the economy of nation-states to which they belong, but also created a worldwide network of coordination centres for major financial resources of the world<sup>17</sup>. These metropolitan areas are characterized by service excellence, institutions and facilities, uniqueness and specificity of place, as well as multi-faceted innovation capacity in technical, economic, social, political and cultural terms. But metropolitan areas are, above all, a high level of human capital, intensive research activity, the accumulation of innovative companies and public institutions. This is a gathering of inventors network-affiliated with all the metropolitan spaces of the world<sup>18</sup>. An interesting theme in the discourse on contemporary cities is, what Richard Florida called, a creative class, whose representatives are open to the new phenomena,

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<sup>12</sup> <http://www.gospodarka.pl>

<sup>13</sup> 'Silesia' Metropolis is the name of 14 cities – Bytom, Chorzów, Gliwice, Katowice, Mysłowice, Piekary Śląskie, Ruda Śląska, Siemianowice Śląskie, Świętochłowice, Tychy, Zabrze, Dąbrowa Górnicza, Sosnowiec, Jaworzno. The constituent cities united in the Metropolitan Association of Upper Silesia

<sup>14</sup> <http://www.gospodarka.pl/tematy/Internet-w-Polsce>

<sup>15</sup> [www.vista.pl](http://www.vista.pl)

<sup>16</sup> A. Olechnicka, A. Płoszaj, *Metropolie a innowacyjność* [Metropolises and innovation] [w] B. Jałowicki (red.) [Is a metropolis a city?] *Czy metropolia jest miastem?* Wydawnictwo Naukowe Scholar: Warszawa 2009, s. 137-138.

<sup>17</sup> P. Kubicki, *Miasto w sieci znaczeń. Kraków i jego tożsamości*. [The city in the network of meanings. Kraków and its identities] Księgarnia Akademicka: Kraków 2010, s. 154.

<sup>18</sup> A. Olechnicka, A. Płoszaj, *Metropolie a innowacyjność*, [Metropolises and innovation] op.cit. s. 138.

tolerant and introduce cultural and viewpoint diversity. According to an American sociologist, these are metropolises which provide coexistence of the three Ts, namely talent, tolerance and technology, which attract top class professionals, generating innovative, modern services and stimulating economic development<sup>19</sup>. Metropolises are also spaces of the largest concentration of scientific potential, which is manifested in the number of network connections with research centres in the state and abroad, expenditures on research and development (Research and Development), employment in science and research sector and number of publications. In the ranking based on such criteria excel metropolitan centres in the United States, Japan and Western Europe. The largest, modern cities form a network of global cities, in which Warsaw, as the only Polish city, held 19th position<sup>20</sup>.

In Poland we can also observe a strong concentration of research activities in major cities, domestic metropolises where is the highest expenditure on R&D, the highest level of employment in the field of research, and the number of scientific publications. For example, the concentration of employment in R&D in the urban centres in Poland ranges between 93% and 99%. Having considered the above criteria Warsaw region with Warsaw playing the major role is in the first position but also other centres of Warsaw metropolitan area. The same applies to other Polish regions and subregions in which research activity is focused, primarily, in the capitals of regions (cities), but also in the larger centres co-creating the region. Along with the Warsaw region the greatest potential for research in Poland is concentrated in Gdańsk, Kraków, Łódź, Poznań, Wrocław and Katowice, more precisely Silesian metropolitan area. In the region of Upper Silesia, for example, the research potential is not only restricted to Katowice, but also Gliwice, Chorzów and Zabrze play an important role. In regions with the highest research potential there is also the largest number of scientific publications, mainly with the regional metropolis affiliation. Larger dispersion can be observed in the region of Katowice, where only in Katowice the affiliation is 49.6% of scientific publications, when, for example, in Wrocław it is 99.9%, and in Warsaw 96.1%. Research teams from eight Polish regions and subregions with the highest research potential provide 85% of the number of scientific publications and 90% of the teams participating in the 6<sup>th</sup> EU Framework Programme<sup>21</sup>.

Therefore, it is very important to encourage development in many Polish regions, subregions, and urban centres in the direction of increase both in research and development, as well as the number of workers employed in this sector. Urban spaces have always had access to the highest technologies relevant to the stage of social development. Today, the most important is the development of knowledge and inventiveness. So you need to create centres of research, based, with all the proportions kept, on the Silicon Valley, which is the space consolidating creative ideas, capital, labour and raw materials. The priority is knowledge of strategically important areas of application, produced by the innovation centres such as Stanford University, California Institute of Technology (CalTech), or the engineering teams of the Technology University in Massachusetts (MIT) and their networks.

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<sup>19</sup> R. Florida, *The Rise of The Creative Class...and how it's transforming work, leisure, community, & everyday life*. Basic Books: New York 2004

<sup>20</sup> A. Olechnicka, A. Płoszaj, *Metropolie a innowacyjność*, [Metropolises and innovation] op.cit, s. 141.

<sup>21</sup> A. Olechnicka, A. Płoszaj, *Metropolie a innowacyjność*, [Metropolises and innovation] op.cit., s. 142-144.

The abovementioned pattern originating in the United States of America is a long perspective for Polish regions, but without such a perspective it is not possible to build modern urban spaces included in the global network of innovation. For example, the region of Silesia has many universities, whose participation in the development of the region and its innovation should dramatically increase. The key point to the emergence of the metropolises of global or even European status is technological progress and innovation, which are inextricably connected. Simultaneously, global cities are spaces terrain hatching new ideas, which to the highest degree contribute to global development. In order to achieve it you need the right climate associated with the level of investment attractiveness, and level of resources and labour costs.

Regions in Poland are characterized by different levels of investment attractiveness, which is constituted by transport availability, employment resources, market capacity, economic and social infrastructure, the level of economic development, environment condition, public safety and the level of activity of the regions to the investor<sup>22</sup>. In the context of the issues presented, the most important is the attractiveness of regions for service activities. Thus, the most attractive regions are: Warsaw, Łódź, Katowice, Kraków and Poznań. The strengths of these regions are the high number of skilled workers and college graduates, high levels of social activity, high absorbency of the market, good transport accessibility, well-developed business sector, high productivity and a large number of companies with foreign capital. On the other hand, high labour costs, crime rate and low detectability are some of the drawbacks.<sup>23</sup> Attractiveness of regions for the service activity is often accompanied by attractiveness for high-tech activities. If we take into consideration the level of attractiveness, the following would be the top ranked regions: Warsaw, Kraków, Poznań, Łódź and Wrocław. This attractiveness results from the high level of resources, most important of which is the level of education and competence of the people, the high economic and social activity, developed transport hubs, including airports, market capacity, institutional density, high development of cultural infrastructure and high productivity. The weakest side is the low level of public safety.<sup>24</sup> The above analysis shows that the most attractive spaces for modern services and advanced technology are the biggest cities, which are characterized by the perfection of services, institutions and facilities, uniqueness and specificity of a place, as well as multi-dimensional potential for technical, economic, social, political and cultural innovation.

### 3. E-service today

Urban spaces that had always focused on the modern technologies and services relevant to the stage of social development, underwent a profound transformation. Gideon Sjöberg, basing on development and modernization of cities, created two types of cities characteristic for traditional and modern society.<sup>25</sup> Both traditional and modern cities

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<sup>22</sup> M. Nowicki (red.), *Atrakcyjność inwestycyjna województw i podregionów Polski 2010*: [www.IBnGR.pl](http://www.IBnGR.pl) [Investment attractiveness of Polish voivodeships and subregions]

<sup>23</sup> *Ibidem*, s. 28-30

<sup>24</sup> *Ibidem*, s. 35-38.

<sup>25</sup> G. Sjöberg, *The Preindustrial City. Past and Present*. Free Press: Glencoe 1960, *passim*. Por. też K. Krzysztofek, M.S. Szczepański, *Zrozumieć rozwój. Od społeczeństw tradycyjnych do informacyjnych*. [To

were characterized by visible differentiation, which to some extent went along with ecological division. In fact, this meant that classes and social strata and occupational groups in the urban space occupied certain territories. All divisions resulted from social differentiation of inhabitants of the traditional cities that by adopting almost a caste system, comprised of elite status groups, the vast masses of the urban population and the unclassified population. Each group occupied a separate piece of space performing specific actions and taking the appropriate style and way of life (endogenous groups). We must also remember that the level of urbanization in traditional society was low, which changed substantially during the industrial period, which brought people with different cultural capital within the boundaries of the urban space. This fostered focusing on one area of the representatives of many cultures, generating distances between people forming subsequent classes and social groups. Cities that were most often set up around the great centres of industry, commerce and banking system differentiated its inhabitants on the basis of the level of education, professionalism, property, style and standard of living and place of arrival in the urban area. And it is not only about a classic division the city versus the countryside, but division resulting from the religious, ethnic or national diversity.

In the second decade of the twenty-first century some part of urban world was transformed into metropolises – global cities, and there is a question whether they are still cities or a new form of spatial concentration of people and accompanying infrastructure. Several thousand years of cities' existence had produced different models for the urbanized area of Europe and North America. The model of cities of the Old Continent was described by Max Weber. He argued that "a city creating a community of residents must have the following characteristics: fortification, the main square, its own court of law, at least partially separate, associations, and partial autonomy and authorities elected with the participation of citizens."<sup>26</sup> Discussion about American cities emerged in the minds, first of all, representatives of the Chicago School, including Robert Ezra Park who believed that the modern American city "[...] is largely created by the simple process of mother nature and develops so that it is difficult to recognize its institutional character. [...] the plan of most American cities is a typical chessboard. The block is a distance unit. This structure may suggest that the city is an artificial construction, which can be accurately made and spread." Moreover, Robert E. Park publishes the claim, which has become a classic in the sociology of the city: "[...] it is a fact, however, that the roots of the city lie in the habits and customs of the people who inhabit them. As a result, the city has both moral (social) and physical organization, which includes characteristic interactions to mutual formation and modification."<sup>27</sup> The city is organized by people in terms of space, which in the past, surrounded by walls, now is becoming a space without borders. These are contemporary global cities, or areas of the world's largest economic development and

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understand progress. From traditional to information societies] Wydawnictwo Uniwersytetu Śląskiego: Katowice 2005, s. 59-61.

<sup>26</sup> B. Jałowiecki, *Fragmentacja i prywatyzacja przestrzeni* [Fragmentation and privatization] [w:] B. Jałowiecki, W. Łukowski (red.) *Gettoizacja polskiej przestrzeni miejskiej*. [Ghettoization of Polish urban area] Academica SWPS: Warszawa i Wydawnictwo Naukowe Scholar: Warszawa 2007, s. 11. (quotation translated by the author)

<sup>27</sup> K. Czekaj, *Socjologia Szkoły Chicagowskiej i jej recepcja w Polsce*. [Chicago School Sociology and its reception in Poland] Wydawnictwo GWSH: Katowice 2007, s. 74. (quotation translated by the author)



market of the world's highest rates of consumption, and their power extends not only the regional or national boundaries but also continental<sup>28</sup>. The walls, which used to have a defensive function, symbolic as well as separating people from foreigners, disappeared from the picture of today's cities and metropolitan areas are characterized by the contemporary space of flows<sup>29</sup>. Lack of physical boundaries means unlimited range of global cities, and their expansion through online tools and the territory.

The modern metropolises are not only a space of flows, but most of all the information centres of the world. These are information cities, the structures collecting and analysing the greatest good of the modern world – information. Metropolitan centres accumulate the world's newest generation of services (highest category), making a dislocation – in the semi-peripheral or peripheral countries – the world's next steps in the manufacturing of products. A new industrial space is being created. The space involving the separation of the production process to different locations, while ensuring their reintegration through the network. This separation of production is consistent with the resources of the workforce at the site. In the centre of a metropolis an innovative idea is emerging, which is becoming a product in the semi-peripheral space or periphery of the world. Supervision of the whole – until the final product – comes from the metropolises, which are also the centre of power.

In the cities, also in European regional Polish cities – Warsaw, Kraków, Wrocław, Poznań and Metropolis Silesia – the infostructural networks are becoming more and more important, though much more is still to be done in the area of infrastructure. Network of highways, roads and rail links remain a key challenge for successive governments and Polish regional governments.

Essential developmental deficits of Polish cities are primarily due to insufficient infrastructure, inadequate supply of educated manpower and delays in the development of E-service, which is the most modern sector of services. They should be complimented with traditional services, also requiring appropriate infrastructure. The gap between E-service in Poland and the European Union (EU average) can be illustrated by some of the selected indicators listed below. In 2009, 21% of Polish people benefited from Internet banking (EU average 32%), about 9% of Polish citizens looked for a job online (EU average 15%), 18% of the population in Poland read online editions of newspapers and magazines (EU average 31%), 23% ordered goods and services online (EU average 37%), and 2% of the population conducted a transaction with an entity from other EU countries.<sup>30</sup> The market of credit cards in Poland has been growing relatively fast over the last eight years; in the last eight years the number of issued credit cards has increased twenty times; four times the number of card transactions, and five times their total value. Therefore, the number of ATMs has doubled and the number of businesses accepting payment by credit cards has increased by half<sup>31</sup>. The rate of E-service development in Poland is rather average. It refers to services which deal

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<sup>28</sup> S. Sassen, *The global city. New York, London, Tokyo*. Second Edition. Princeton University Press: Princeton and Oxford 2001.

<sup>29</sup> M. Castells, *Spółczesność sieci*. [The Rise of the Network Society] Tłum. M. Marody i in. Wydawnictwo Naukowe PWN: Warszawa 2007, s. 381-429.

<sup>30</sup> <http://www.gospodarka.pl/tematy/Internet-w-Polsce>

<sup>31</sup> [http://www.pentor.pl/56460.xml?doc\\_id=11278](http://www.pentor.pl/56460.xml?doc_id=11278)

primarily with banking services, including also non-cash transactions. In addition, E-service is a service and IT software, which is related to software sales, service equipment, computers repair, networks, LAN, WLAN, Internet, Web sites. Among these services E-government also has an important role, namely electronic governance and management, particularly at the local level. It can be defined as the way in which public administration uses new technologies in order to provide citizens with tailored services and information, and presenting them in a more practical, useful and easier to use way. In addition, E-government is a representation of the traditional services provided by public authorities at different levels in their electronic counterparts, which ensure their usage 24 hours a day, 7 days a week. Electronic government is the overall actions that use information technology and telecommunications to create better and more efficient administration in a changing world and ultimately to improve the quality of governance or even management of the state.<sup>32</sup> However, in the development of E-government there can be seen a certain inequality: when the level of services aimed at business is relatively high, the availability for ordinary citizens in Poland remains low. The percentage of basic public services fully available for citizens online is 27% and 88% for entrepreneurs, while the percentage of Polish people using E-administration is 18%, while the EU average is 30%. The percentage of Polish companies benefiting from E-administration is accelerating (61%) and lessening the distance to the EU average (71%).<sup>33</sup>

Despite some changes in the field of E-service in Poland, there is still a distinct distance from other European countries in terms of computerization. The condition of public E-services in Poland may not be satisfactory. Although 99.4% of Polish institutions use the Internet, and 89.7% have their own websites, the webpages provide access only to some information, and it is difficult or even impossible to download certain forms and make electronic transfers.<sup>34</sup> Nevertheless, the evidence of progress is the ability to make a tax return through the Internet, fill in the census form, register at university or apply for a job. You can also make any payments. Today, there is also a vivid discussion on the possibility of the Internet voting in parliamentary elections or presidential elections.

Polish cities (metropolitan areas), because of civilizational backwardness and peripheral location, for a long time had remained outside the network of the largest global metropolitan areas. The situation began to change in 1989, but especially after Poland's accession to the European Union. As a result, a global network of major metropolitan areas began to open to the Polish cities. The scale of flow of capital, services and people increased substantially, and Polish airports are recording the second in the world (after China) percentage increase in the number of passengers. The cities attract huge number of foreign tourists and foreign investment is going mainly to the major urban centres.<sup>35</sup> Along with these changes goes a change in the cultural sphere, which is increasingly willing to accept diversity understood as the notion of innovation and creativity which guarantee the value of social development.

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<sup>32</sup> H. Krynicka, *Rozwój E-usług publicznych w Polsce*, [Development of public E-services in Poland] <http://www.bibliotekacyfrowa.pl/Content/34608/008.pdf>

<sup>33</sup> <http://www.gospodarka.pl/tematy/Internet-w-Polsce>

<sup>34</sup> H. Krynicka, *Rozwój E-usług publicznych w Polsce*, [Development of public E-services in Poland] op.cit.

<sup>35</sup> P. Kubicki, *Miasto w sieci znaczeń*, [The city in the network of meanings] op.cit., s. 156-157.

Modern cities are not only centres of technology, knowledge, information and power, but also migration, which has two opposing faces. On the one hand, it is the inflow of highly skilled, professionals and financial elite, who can easily decide on the change of place of residence and work. On the other hand, the migration of people with lower qualifications, because global cities need workers doing less prestigious and less paid job.<sup>36</sup> Metropolitan community can be divided, in a simplified way, into the metropolitan elite who is sometimes identified with the new middle class, metropolitan proletariat and redundant people. The former, perform management functions, supervise the flow of information, form the creative class, using the terminology of Richard Florida. The latter perform reconstructive work, though necessary for normal functioning of the city and the metropolis. And finally, the third ones, have already ceased to be needed for a metropolis, or have never served in the most important functions, becoming over time fragmented people, as Zygmunt Bauman would define them, using very elegant language though.

#### 4. Conclusion: From craft to E-service

In the long history of urban development, the location of various kinds of services in the city has been a very important issue. The services have affected the character of cities and the standard of living of their inhabitants. In ancient societies these were traditional services, mainly handicrafts, provided mostly to a single man. Today's services are focused, primarily, in the spaces of global cities, which became a place of modern services, due to bringing together individuals within its borders with the highest level of civilizational competence and creativity. Modern services, professional and creative individuals occupy the centre of the world's metropolises, which is defined as a rare good. Metropolitan centre is marked by a double stigma, as the most expensive area of the city in an economic sense – the most expensive flats, office and commercial space, as well as the space associated with the prestige and social status. Work and residence in the heart of a metropolis are the desire of many people, but available for a scarce number of them. It is a space separated from the outside world by a symbolic wall of wealth, competence, and above all prestige. Meanwhile, traditional services are no longer filling the city centre, because their position had been changing and became more marginal and gave way to E-service. Transformation of economic sphere of metropolitan area have also affected the change in population, and urban architecture. "Truly great cities, are the ones in which great people live" as Walt Whitman, a great American novelist and poet wrote many years ago. Today's world's metropolises are centres of knowledge, information, decision, power and modern services, but also these are their inhabitants, who are screenwriters and directors of the presence.

World cities have also become hubs of the network connections. These are the global centres of decision-making and control – where innovations spread from and there the network of the largest transnational companies is focused. Knowledge is produced there and flow of information is focused. Advanced services are concentrated there – services of higher quality. This concentration of advanced services requiring power and skills has been recorded in several cities around the world, such as New York, Tokyo or London. In Poland, this is Warsaw, Metropolis Silesia, Poznań, Wrocław and Kraków. Advanced services and markets are being connected in the global network, which does not constitute a permanent

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<sup>36</sup> P. Kubicki, *Miasto w sieci znaczeń*, [The city in the network of meanings] op.cit., s. 155.

hierarchy of cities that create it, but it requires constant competition. These are networks of production and management that offer opportunities to raise the personal situation by changing social position. Modern cities are not the concentration of capital, but processing and information management. These are the places of concentration of economic forces and centres of power and decision-making concerning global economy.<sup>37</sup>

Such concentration of IT tools which can be used to obtain information, select, analyze, process, manage and communicate it to people enhances, among others, redeployment phenomenon. This phenomenon is related to the relocation of traditional industries - dirty industries to areas with low level of social development and, above all, low environmental awareness of their residents. Developed countries are heading toward clean, green technologies, and the largest cities of the modern world accumulate information, not the industry. So we can say that underdeveloped societies are based on the traditional branches of industry, which mostly come from the rich centres and developed countries on E-services. Simultaneously, the development of E-services makes it possible to manage the factories that have been located thousands of miles from the place of strategic decision-making - the car industry is a good example. It is also about low-educated workforce, which is the greatest in the poor regions of the world. These are people who are able to perform only simple work, and do not have powers that would give them the opportunity to participate in and benefit from the world of IT. The high correlation between the level of social development and the level of IT can be seen for example in China or India, where the growth of economic importance of these countries on a global scale is closely connected with the development of the world's fastest Internet in these countries.

Contemporary Poland is facing the challenges of the modern service sector development – E-service, development of the metropolitan area, which could be included in a network of global cities. The economic transformation, which started in 1989, introduced Poland to a group of countries forming a strong structure of the modern world. Polish people are fully aware that every effort should be made to enhance Poland's political and above all economic position in the world. The state can anticipate economic success if it focuses its attention on the development and application of modern technologies in everyday life.

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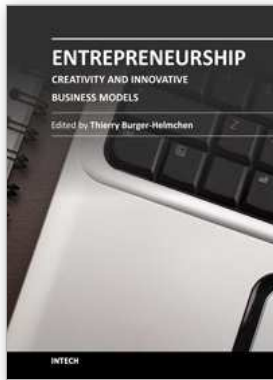
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