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## The Labour Market in Warsaw Problematic Areas of Praga: Structural Change, Bottom-Up Activities and Municipal Policies

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### ABSTRACT

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The paper presents the situation on the labour market in three Warsaw districts, Praga South (Praga Południe), North (Praga Północ) and Targówek, identified as problematic areas and included into the Integrated Revitalization Programme for the years 2014–2022. The data illustrating the structural change in this area presents the period from 2003 to 2015. The chosen years: 2003, 2010 and 2015 comprise the very specific moments in the city's development – right before the accession to the European Union, the moment of decline after the 2008 crisis, and more recent data, marking the beginning of new programmes and municipal activities regarding the area. The main goal is to present structural change on these local labour markets, within the context of two emerging trends: development of the creative industries and public institution policies towards start-ups and traditional craftsmanship.

**Keywords:** labour market structures, urban economics, urban policies, depressed areas, creative sector  
**JEL Classification Codes:** J490, J480, R580

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## Introduction

Political, economic and administrative transformation of Poland, initiated in 1989, influenced to a significant extent the quality of life and labour market in the cities. The changes encompassed the structure of the employment and the level of municipal involvement in the active creation of the working environment. These changes constituted the effects of new economic policies and paradigms.

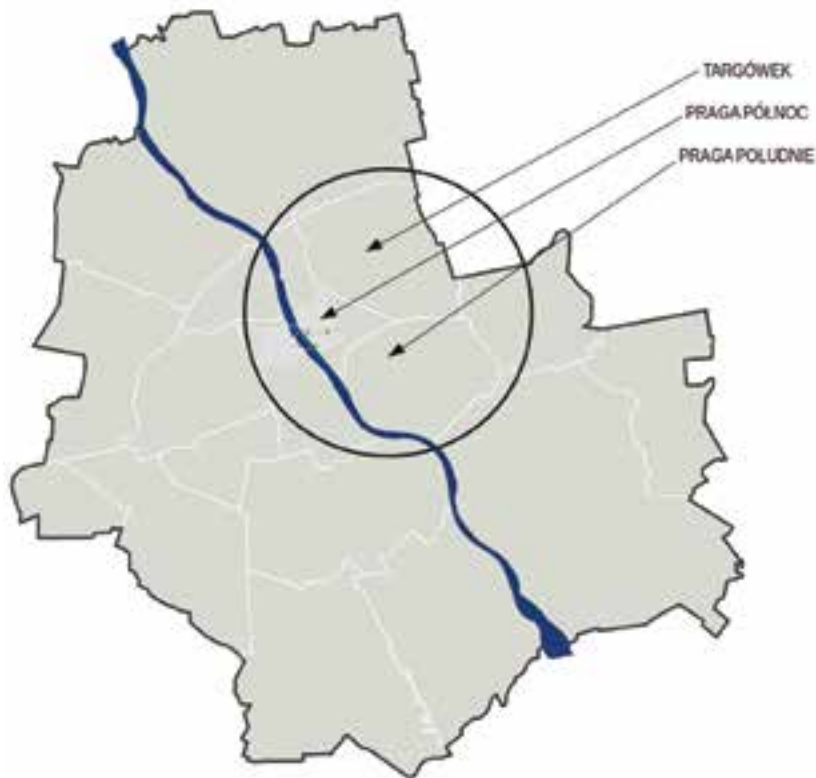
After the year 1989 two goals may be named as the most important regarding the role of the state and municipalities. One of them is represented by the shift from the centrally planned, and already highly ineffective economy towards the free-market capitalism. The second goal constituted the shift from the political regime controlled by a single political party to a democratic state and civic society, in which the self-government was to play a crucial role. The labour market was to be created by the market forces and entrepreneurial spirit of the society rather than top-down policies [Bałtowski, Miszewski, 2006]. The development barriers and economic inequalities were believed to be overcome by convergence mechanisms, both between CEE and Western countries, and between regions and cities in Poland. However, the experience of over 25 years shows that a market-driven convergence may be slower and weaker than expected. In this instance, the case of Warsaw is presented, with its long-standing divergence between the left and right bank.

Warsaw may be called a leader in many fields among Polish or even CEE cities. A comparatively low level of unemployment, new infrastructure and public amenities, office districts with international companies, cultural and academic institutions of international renown create the image of a modern and successful European capital. However, some parts of the capital are developing more slowly and have gone through the structural changes in a way which seems to demand an active role of the municipality in the empowerment of the local workforce as well as local labour market.

The paper presents the situation on the labour market in three districts, identified as problematic areas and included into the Integrated Revitalization Programme for the years 2014–2022: Praga North and South and Targówek<sup>1</sup>. The data illustrating the structural change in this area presents the period from 2003 to 2015, covered by the comparable data from *Panorama of Districts of Warsaw* [Panorama of Districts 2003, 2010 and 2015]. The chosen years: 2003, 2010 and 2015 comprise the very specific moments in the city's development – right before the accession to the European Union, the moment of decline after the 2008 crisis, and more recent data, marking the beginning of new programmes and municipal activities regarding the area as well as an increased activity of the private sector.

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<sup>1</sup> As this part of Warsaw is traditionally called Praga as a whole, in the paper full names of the districts will be used in individual description and for the respective individual data. When all three districts are described they will be called Praga.

**Figure 1. Warsaw and the analysed districts**

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The main goal of the paper is the presentation of the sectoral change in Praga. Such a change has a strong influence on the general socio-economic situation of the area under the revitalization programmes. The factors creating the change and the current situation, potential for the development and its barriers are crucial for the understanding of the ongoing processes as well as basis for the efficient economic policies. As a completion for the structural view of the Praga labour market, two emerging trends will be presented. One is the development of the creative and innovative sector, the other one – the municipal programmes and institutions acting to empower the local labour market and its site-specific forms.

Even as labour markets are of a global character, they may be strongly influenced at the local level by local conditions, such as space, social networking and local capital [Zenou 2009]. Therefore, the opportunities as well as barriers for entrepreneurs and employees are shaped by local conditions. Also municipal policies must be adapted to the local environment. There are three main forces shaping the labour market in Praga: one is a well-rooted negative image of the right bank intertwined with actual social problems, the other – public administration involvement, and the last one – pressure from the developers to construct numerous new residential areas, turning the districts into the gentrified bedroom neighbourhoods. Today, Praga is buzzing with new housing investments, but there is a lack of investments creating new

jobs. At the same time, there is still a spatial and social potential to create a stronger, better balanced labour market. The paper presents the results of these main forces and proposes conclusions regarding potential opportunities of the future labour market development.

## Praga and Warsaw – the tale of two cities

The socio-economic situation of the right bank of the Vistula river in Warsaw has been worse than the one of the left bank for centuries. When Warsaw became the Polish capital in the 16<sup>th</sup> century, Praga was a separate town (with the urban charter since the mid-17<sup>th</sup> century) and remained so until the late 18<sup>th</sup> century. Even after becoming part of the capital, it was still underdeveloped and only in the second half of the 19<sup>th</sup> century its situation changed. The turning point was the construction of the railway towards Russia and the first permanent bridge over the Vistula River. Therefore, Praga owed its development to the industrial era, and the locations of the factories and workers' housing. The period of a very important development also encompassed the 20 years between the WWI and WWII. However, the quality of life in Praga remained low, buildings were often still constructed of wood, streets unpaved, and drinkable water scarce. Jobs consisted mostly of factory work and small services, such as repair shops [Drozdowski, Zahorski 1982; Sadowy 2016]. Administration buildings, museums and offices were located on the left bank. After the WWII the location of the industry on the right bank continued, giving even names to whole neighbourhoods, as Targówek or Żerań Przemysłowy (stemming from 'trade' or 'industry').

After the year 1989 and the transformation period, the situation in Praga South, North and Targówek was again different and more difficult than in other parts of Warsaw. Failure of the state-owned industry, as well as the transformation of the social assistance system, proved to be difficult for many inhabitants and employees. In the 1990s the public investments were restricted, due to the state of the public finance and to the new paradigm of the market-driven economy. As there were no significant factors for the new economic development in Praga, it lagged behind more dynamic parts of Warsaw. There was also a higher number of the unemployed, compared to Warsaw in total, as presented in Tab.1. The disparity decreased in some respects from 2003 to 2010 and 2015 (in these two years it was very similar), in the whole period being the least favourable in Praga North.

In the 1990s and early 2000s the Warsaw public administration focused on attracting big players on the estate and labour market – international companies, new office districts, international retail outlets. The new middle-class, with white-collar jobs and consumerist ambitions, created the flywheel of demand, perceived by the economists of the era as a main driver of economic development. Post-industrial unemployed and low-skilled inhabitants of both Praga districts– similar to the inhabitants of other post-industrial cities and regions as Łódź or Silesia, seemed to be victims of the former system. Such areas became fields of social assistance rather than some economic investments. Other factors discouraging the investors

were: commuting problems, technical state of the built environment, and the negative image of the area.

**Table 1. Size of the working-age population and the number of the unemployed per 1,000 working-age population in the chosen districts and in Warsaw in the years 2003, 2010 and 2015**

District/city of Warsaw	Size of the working-age population			Number of the unemployed per 1,000 working-age population		
	2003	2010	2015	2003	2010	2015
Praga South	123,701	117,290	10,7305	70	39	45
Praga North	49,164	47,070	4,1649	105	54	60
Targówek	82,983	76,785	7,1823	72	39	43
Warsaw	1,109,359	1,098,855	1,046,632	56	35	38

Source: the author's own work, based on Panorama of Districts of Warsaw 2003, Statistical Office in Warsaw, Year I, Warsaw 2005; Panorama of Districts of Warsaw 2010, Statistical Office in Warsaw, Warsaw 2011; Panorama of Districts of Warsaw 2015, Statistical Office in Warsaw, Warsaw 2016.

Commuting problems were related both to the real state of the public and private transport as well as to the negative image of the area itself. Until 2015 there was no metro line connecting the left and right bank of the Vistula River. However, several tramways and the railway system could serve as an efficient way of commuting, but for safety and organisational barriers. In the 1990s and to some extent for some years after 2000, the public transport was not very reliable, with outdated rolling stock. The system of one ticket for the municipal and railway transport appeared only after 2010 and is still being tailored. Tramway lines connecting Praga and the left bank for several years, especially in the 1990s were regarded as less safe for passengers than in other parts of Warsaw, with higher risk of pickpocketing and incidents of hooligan nature. Bridges connecting the two parts of Warsaw were few, with more and more traffic jams, as the number of cars increased.

The technical state of the housing stock and post-industrial buildings was poor, it consisted mostly of pre-war tenement houses, poorly maintained and seldom repaired, large-housing estates, neither of high quality and perceived as very unattractive at the time. Factories and warehouses, although of heritage value, were also neglected and in need of high expenditure for their adaptation to new standards. Dilapidating buildings added to the negative image of Praga, as inhabited of low-qualified workers, so called "blockers" (inhabitants of the large-housing estates, unemployed and/or involved in criminal activities). As a result, Praga remained to a great extent unknown and unattractive even for the inhabitants of the other part of the capital, influencing the location choices for both public and private investors. Even after 15 years of the transformation, in 2004, M. Lewicka argued that it would take a long time to eventually connect Praga with Warsaw and to make the right bank benefit from the general development of the capital in terms of the economy and society [Lewicka 2004, p. 322–324]. The lack of jobs for more skilled and qualified employees was both the result of the degradation process and the factor accelerating it.

## Structural change in the labour markets of Praga. The diminishing role of industry

The following analysis of the labour market in three districts – Praga South, Praga North and Targówek – encompasses the period after the first, most turbulent phase of the system transition. The afore-mentioned number of the unemployed presents the situation of the districts' inhabitants, as the data is based on the place of residence of the unemployed. The following data presents the job supply in the districts. It displays the change in the labour market structure, from a still high percentage of industrial jobs in 2003, on the eve of the Polish accession to the EU, to a more active but also more state-driven labour market in 2015. The analysis allows comparing the situation in three districts under the Revitalization Programme, as well the relation between the situation in Praga and Warsaw as a whole. The most pertinent categories for the analysis are the following:

- industry (in total, including manufacturing), as the main economic sector for decades in the area;
- construction, as a sector closely related to the investments in the area, and a sector providing jobs for low-skilled workforce;
- social services (comprising public administration, social security, education, healthcare and social work), as an important sector for creating top-down empowerment for the labour market;
- trade and repair, as a sector often discussed and perceived as characteristic for the districts, especially Praga North.

**Table 2. Number of the employed in the chosen districts and the percentage of the employed in Warsaw (total) in years 2003, 2010 and 2015**

District/city of Warsaw	Number of the employed			Percentage of the employed in Warsaw (total)		
	2003	2010	2015	2003	2010	2015
Praga South	49,305	49,433	49,545	7.06%	6.13%	5.84%
Praga North	27,964	27,921	26,353	4.00%	3.46%	3.11%
Targówek	21,973	23,124	23,234	3.15%	2.87%	2.74%
Warsaw	698,661	806,885	848,321	100.00%	100.00%	100.00%

Source: the author's own work, based on Panorama of Districts of Warsaw 2003, Statistical Office in Warsaw, Year I, Warsaw 2005; Panorama of Districts of Warsaw 2010, Statistical Office in Warsaw, Warsaw 2011; Panorama of Districts of Warsaw 2015, Statistical Office in Warsaw, Warsaw 2016.

The labour market in Warsaw between the years 2003 and 2015 was growing faster than in the three Praga districts, as shown in Table 1. There are also distinctive differences between the districts. The number of the employed in 2015 in Warsaw compared to the year 2003 presents a 21% increase, whereas for Praga South and North and Targówek the proportions are respectively: no increase/decrease, 6% decrease, almost 6% increase. Even Targówek, with

1,261 additional jobs in 2015 (compared to 2003) was losing its share in the total number of the employed in Warsaw.

It is evident that Praga North is in the most difficult position regarding the labour market, but even Targówek, the only one having more jobs in 2015 than in 2003, is lagging behind other parts of Warsaw. Looking more deeply at the sectoral change, it is evident that the trends in the three districts generally follow the outline of whole Warsaw, but with some discrepancies, which are worth further investigation.

There is a general decrease in the number of the employed in industry between 2003 and 2015, which follows the de-industrialization process, initiated in the 1990s and concerning many European cities. Between 1994 and 2001 in Warsaw the share of inhabitants employed in the production sector decreased from 25.6% of the total labour force to 14.8%, a decline even bigger than in other European cities, both post-socialist (e.g. in Budapest the decrease for the same years was from 18.1% to 14.4%, in Prague – from 14.8% to 10.5%) and Western ones (e.g. Paris, a decrease from 8.4% to 6.1%) [Gorzelałak, Jałowiecki]. Again, the change in Praga North was the most profound, from almost 20% employed in the industrial sector in 2003 to only 5% in 2015, which presents a loss of 4,204 industrial jobs, compared to 39,682 in Warsaw, 4,852 in Praga South and 2,425 in Targówek (Tab. 3).

**Table 3. Number of the employed in industry and construction in Praga and Warsaw (total) in the years 2003, 2010 and 2015**

District/city of Warsaw	Number of the employed in industry			Number of the employed in construction		
	2003	2010	2015	2003	2010	2015
Praga South	9,917	6,427	5,065	2,789	2,586	2,105
Praga North	5,527	3,015	1,323	1,462	1,457	877
Targówek	5,406	3,493	2,981	1,567	1,427	1,029
Warsaw	109,753	76,322	70,071	39,491	39,820	36,930

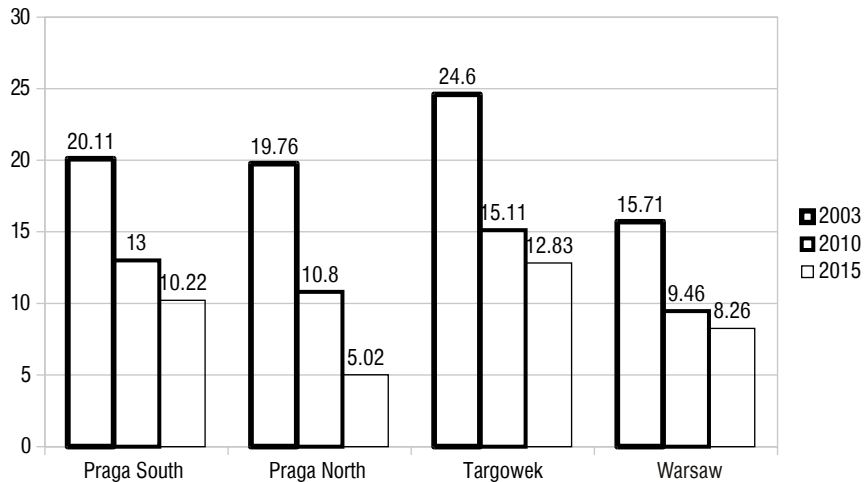
Source: the author's own work, based on Panorama of Districts of Warsaw 2003, Statistical Office in Warsaw, Year I, Warsaw 2005; Panorama of Districts of Warsaw 2010, Statistical Office in Warsaw, Warsaw 2011; Panorama of Districts of Warsaw 2015, Statistical Office in Warsaw, Warsaw 2016.

The changes in Praga South and Targówek follow approximately the pattern for the whole Warsaw. Additionally, it is worth pointing out that in Praga South, Targówek, as well as in Warsaw in total the change between 2003 and 2010 is much more significant than between 2010 and 2015, which, especially for whole Warsaw, becomes pretty small (less than 2 percentage points/pp). Only in Praga North the decrease is as significant in the second period as in the first – twice as small, measured in pp.

The share of the employed in construction represents a smaller group in the labour market (Tab. 3), however, the decrease in jobs poses an interesting question, compared to the developers' activities and several new investments in Warsaw during that period. The general decrease in construction jobs may be related to the comparative edge of the workers from other regions or countries (e.g. Ukraine), grey economy in this sector and/or up-skilling of

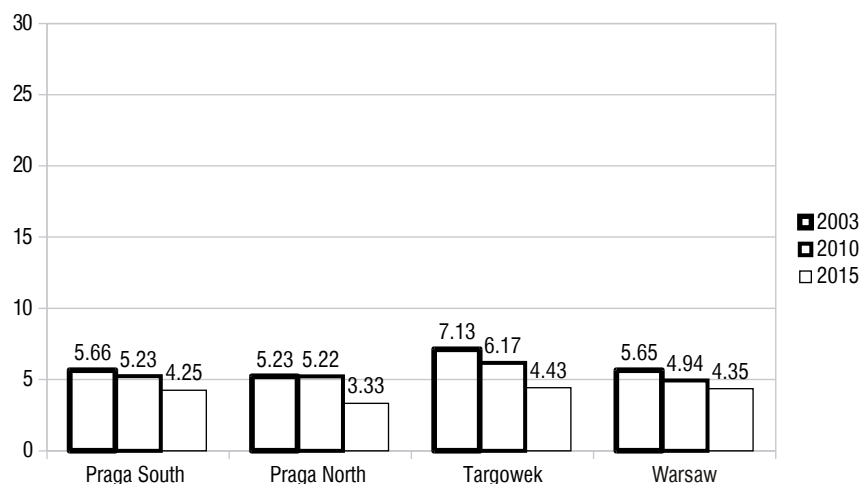
the Warsaw inhabitants who seek higher qualified jobs. Most probably of all, it also reflects the fact that many companies in the construction sector operate in the country at the international level and are based locally. All three districts recorded the decrease in jobs in the construction sector. The most interesting data is a sudden decrease in Praga North between 2010 and 2015, whereas between 2003 and 2010 the share remained the same. Apart from that, the pattern is quite similar to that of Warsaw in total.

**Chart 1. Share of the employed in industry in 2003, 2010, 2015**



Source: own work, based on Panorama of Districts of Warsaw 2003, Statistical Office in Warsaw, Year I, Warsaw 2005; Panorama of Districts of Warsaw 2010, Statistical Office In Warsaw, Warsaw 2011; Panorama of Districts of Warsaw 2015, Statistical Office In Warsaw, Warsaw 2016

**Chart 2. Share of the employed in construction in 2003, 2010, 2015**



Source: own work, based on Panorama of Districts of Warsaw 2003, Statistical Office in Warsaw, Year I, Warsaw 2005; Panorama of Districts of Warsaw 2010, Statistical Office In Warsaw, Warsaw 2011; Panorama of Districts of Warsaw 2015, Statistical Office In Warsaw, Warsaw 2016



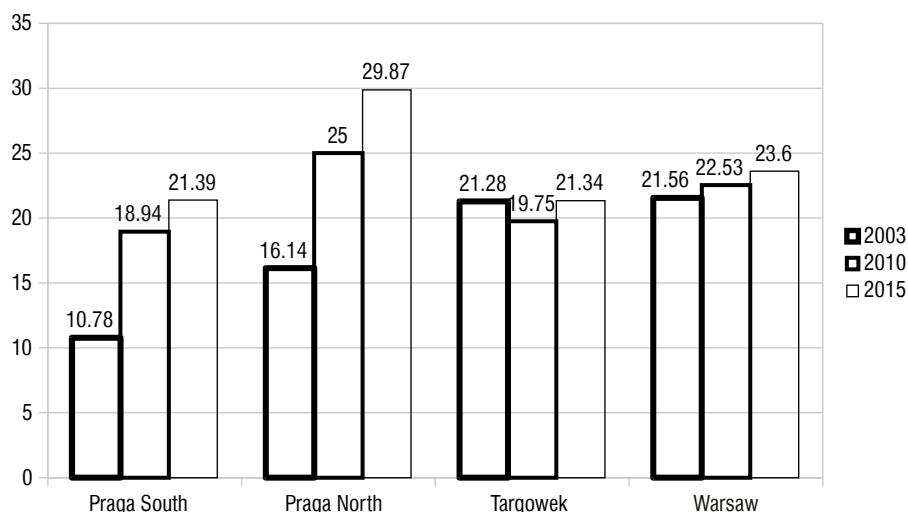
The most dynamic change in the revitalized area, however, is noted not in industry but in the sector of social services, including public administration, social security, education, healthcare and social work. In Warsaw in total a small increase in the share took place between the years 2003 and 2015 (approx. 2 pp) but it presents a significant increase in the numbers from 150,634 employed in 2003 to 181,827 in 2010 to 200,219 in 2015 (Tab. 4).

**Table 4. Number of the employed in social services and trade/repair services in the years 2003, 2010 and 2015**

District/city of Warsaw	Number of the employed in social services			Number of the employed in trade and repair services		
	2003	2010	2015	2003	2010	2015
Praga South	5,314	9,362	10,599	9,552	7,241	7,800
Praga North	4,513	6,980	7,872	4,962	5,492	4,532
Targówek	4,675	4,568	4,959	5,779	7,324	7,112
Warsaw	150,634	181,827	200,219	114,190	128,192	132,295

Source: the author's own work, based on Panorama of Districts of Warsaw 2003, Statistical Office in Warsaw, Year I, Warsaw 2005; Panorama of Districts of Warsaw 2010, Statistical Office in Warsaw, Warsaw 2011; Panorama of Districts of Warsaw 2015, Statistical Office in Warsaw, Warsaw 2016.

**Chart 3. Share of the employed in social services in 2003, 2010, 2015**



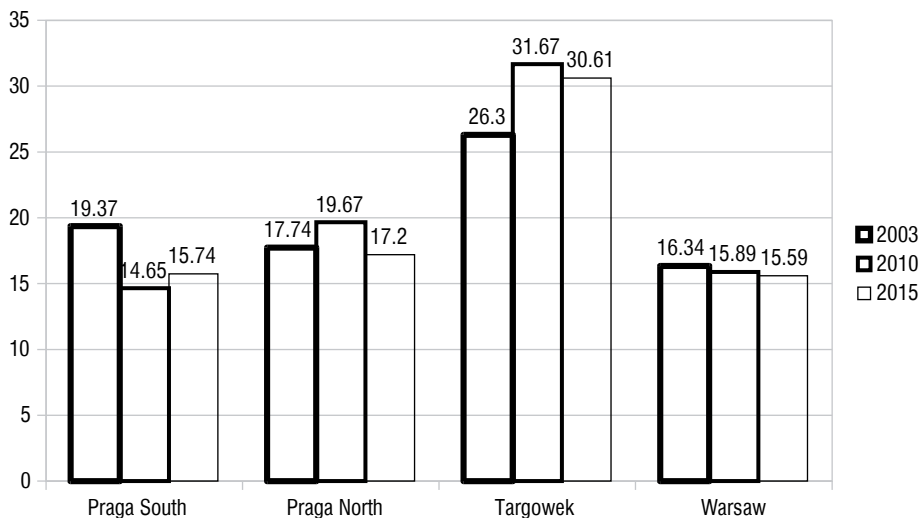
Source: own work, based on Panorama of Districts of Warsaw 2003, Statistical Office in Warsaw, Year I, Warsaw 2005; Panorama of Districts of Warsaw 2010, Statistical Office In Warsaw, Warsaw 2011; Panorama of Districts of Warsaw 2015, Statistical Office In Warsaw, Warsaw 2016

In Praga North and in Praga South the share doubled between 2003 and 2015, in Targówek, where it was at the same level as in Warsaw in total, it remained steady, with a temporary decrease. It is clear that in 2003 the sector was under-represented in both the Praga South and North districts. In Praga South the increase let the district level with the share in whole Warsaw, but in Praga North in 2010 the share had been already higher and in 2015 it reached

the share approx. 6 pp. higher than one for the whole capital. This increase, together with the decrease in industry, create the most prominent structural change in the labour market in Praga North. Some people who left the industry sector may have found low-skilled jobs in public institutions (in fact there are examples of former industrial workers taking jobs in security in such institutions), but it would be impossible for the group as a whole to re-qualify from industry to social services. Therefore, the steady number of jobs in Praga does not really mirror the deep change which took place in the last 15 years.

New investments are generally expected to boost the sector of trade and services. This section of the labour market is more difficult to assess, as the numbers are aggregated for trade and repairs, in which car repairing consists an important part. However, in all these sections, the increase in the number of jobs could be expected, thanks to the new metro line and new inhabitants of the area. However, the result of the new development is not very distinctive (Tab. 4). The number of the jobs decreased in Praga South and North between 2003 and 2015 (with a temporary increase in Praga North in 2010) and increased in Targówek, even as the number in 2015 is lower than in 2010. In terms of the share in the total number of jobs it even decreased in Praga South and North between the years 2003 and 2015 with a temporary increase in Praga North. In Targówek there is an increase between 2003 and 2015, but the trend reversed and the share was smaller in 2015 than it was in 2010.

**Chart 4. Share of the employed in trade and repair in 2003, 2010, 2015**



Source: own work, based on Panorama of Districts of Warsaw 2003, Statistical Office in Warsaw, Year I, Warsaw 2005; Panorama of Districts of Warsaw 2010, Statistical Office in Warsaw, Warsaw 2011; Panorama of Districts of Warsaw 2015, Statistical Office in Warsaw, Warsaw 2016

In summary, the area under the revitalization programme went through a distinctive structural change of the labour market. It is most prominent in the case of Praga North, often presented as the most problematic area of all, due to the social and family problems, dependence on social care, high crime rates and a higher number of the unemployed. Especially for

such groups, a possibility of finding a job in the vicinity of their place of residence would be important for the improvement of their situation. It also means that there are many people whose skills are not used in the new situation, whose work ethics and tradition were lost or neglected. It may be a liability or a capital, depending on the local governance and urban policies. In the following parts of the paper the current trends in the labour market are presented. Eventhough they are not significant in the number of jobs yet, they may create a new working and entrepreneurial environment and boost the local economy as well as overcome the former, negative image of Praga.

## Craftsmanship, artists and international players

The right bank of the Vistula River has a long history of craftsmanship and artisans. Shortly after WWII appeared a kind of clusters of the artisans and craftsmen. One of the long-standing were pavilions at 12 Targowa Street, operating until recently since 1947. They were closed recently, due to the redevelopment of the adjacent residential building. The artisans who had their workshops there had to find other locations. They specialised in several types of craftsmanship: ironwork, engraving, upholstery, stonework and carpentry [twoja-praga.pl, accessed 16.11.2017].

New generations of artisans use also post-industrial sites as a convenient space, where they can create informal cooperatives or clusters. The best example may be a former munition factory Mesko, at 32/34 Podskarbinska Street with the pre-war history of manufacturing car bodies and cranes. In the last years younger artisans and artists have used the premises as their workshops and studios for carpentry, sculpture, painting, ceramics, photography, hand-made bikes, dressmaking, bookbinding, recording studios. As the premises are about to change the owner there are some plans to relocate the studios into a new municipal Creative Centre at 80 Targowa Street or other similar municipal investment, possibly former Michel's Mill.

In last ten years Praga has become popular among independent artists, who established their studios there, often renting apartments in buildings from the 19<sup>th</sup> and early 20<sup>th</sup> century. A blow to this trend was a fire that destroyed completely the most prominent location at 11 Inżynierska Street in 2013. The studios of several artists (among them such well-known on the Polish contemporary art scene as Karol Radziszewski, Nicholas GrosPierre, Paweł Kubara, Aga Kicińska, Ivo Nikić), together with their private collections and the popular artistic club "Sen Pszczoły" (The Bee's Dream) and the heritage building itself were irreversibly destroyed. In spite of the speculation about an arson (there were conflicts between the artistic community and other local inhabitants), the police declared that the most probable reason for the fire was the poor state of the electric installation in the building [zuzannajanin.natemat.pl, accessed 12.11.2017]. Some artists remained in Praga and found new locations in Praga South (where Lubelska Street is also popular), some relocated to the left bank. Some representatives of the creative business, but of a more commercial nature, such as designers, graphic artists and

architects rent their studios in a cultural-commercial venture in South Praga, Soho [[www.sohofactory.pl/](http://www.sohofactory.pl/) accessed 16.11.2017].

Apart from such micro-enterprises Praga also has become a location for companies of international renown. Three may be of special interest in regard to the transformation of the area into more economically stable, more innovative and attractive: Google Campus, Koneser, and CD Projekt Red.

The Google Campus opened in 2016 in Warsaw, following a similar investment in Tel Aviv (short-listed for the most innovative cities in the European Capital of Innovation (iCapital) Award [Boorman 2017], London, Madrid and Seoul). It is acting as an incubator, clustering facility and space for several entrepreneurial activities for innovative start-ups. The first building, at 27/31 Ząbkowska Street turned out to be too small during the first year of operation and now the second one, at 33 Ząbkowska Street, is also in use. In 2016, according to the Campus Report [2016], over 600 jobs were created thanks to the campus, in the early 2017 over 60 start-ups were hiring, and in 2016 start-ups attracted the capital worth over 5.7 m dollars (approx. 20.5 m Polish zlotys). The most common fields of the start-ups present at the Campus are Engineering, Marketing and Finance, but entrepreneurs working in e.g. philosophy, linguistics, and medicine are also present. The environment is international and most represented countries (apart from Poland) include Ukraine, the US, the UK, Belarus and France [Campus Report 2016]. One of the Campus programmes is Campus Residency, providing space and free support for the duration of 6 months. A very important space are cafés, with over 160 places and free Wi-Fi, a place for individual work but also meetings, and potential serendipitous encounters.

The Campus Google is located within the area of a former vodka factory “Koneser”, today operating as a multifunctional centre. The centre encompasses such functions as offices, retail, bars and restaurants, event space, hotel, apartments and the Museum of Polish Vodka. It is one of the very rare examples of the transformations of the post-industrial area into an enterprise creating jobs, and what is more – jobs of various types. The owners are aware of the international potential of the place and in 2017 they applied for the MAPIC Award (the International Retail Property Market) in the category of Retail Urban. The project (of which the architects are Juvenes Project and the developer – Liebrecht & wood Group and BBI Development) was short-listed, with three other projects from the UK, Belgium and the Netherlands [[www.mapic.com/](http://www.mapic.com/), accessed 16.11.2017].

Another example of the new type of jobs created in the area is the CD Projekt Red. It is one of the most successful Polish companies, yet its location in Praga, at 74 Jagiellońska Street is not generally known. The CD Projekt Red was founded in the year 2002 and in 2003 a new team started working on its crucial project – “The Witcher” (Wiedźmin) game, based on fantasy books by Andrzej Sapkowski. The first game was published in 2007, became the most popular game in Poland with international renown, sold 600 thousand copies worldwide in the first three months, reached the number of 1.87 m copies sold in May 2017 [Ratalewska 2016, p. 491–500]. In 2011 “The Witcher 2” appeared and “The Witcher 3” premi re in 2015

was the most expected game in Poland, also with a serious international success, including the short list of Spike Video Game Awards. The CD Projekt Red employs over 300 persons in the production team, finance, marketing, HR and administration of the company and is constantly hiring [<https://www.cdprojekt.com/pl/>, accessed 15.11.2017].

The specific space, character of built environment, industrial/craftsmanship heritage are the attractors for such entrepreneurs. On the other hand, many micro-entrepreneurs are often pessimistic about the economic situation and prospects. They refer to the very specific and difficult local market with low demand for goods and services. The low entry threshold is a factor for location of entrepreneurial activities in Praga, but the local demand seems to be decreasing instead of increasing. The most successful firms are focusing on the clients from other parts of the city [Korcelli-Olejniczak, Dworzański, Piotrowski 2017].

## **New municipal institutions in Praga and Targówek and their programmes for craftsmen and entrepreneurship**

The local government has several tools for boosting the local economy and labour market. The most important are:

- Land-use planning;
- Providing infrastructure;
- Area-based initiatives aimed at firms (e.g. enterprise zones);
- Cluster initiatives or enhancement of the existing clusters;
- Relocation of the public sector;
- Local skills base improvement [Cheshire, Nathan, Overman 2014].

Regarding the area in question, three tools may be considered as the most important. The first one consists of strategic plans and documents, which create a framework for further implementation and provide the information for investors and other stakeholders about the direction in which local policies will be developed. The second tool are direct investments, in the infrastructure and institutions, the third one is provided by the relocation of the public sector. The number of jobs in the public sector in fact increased in the years 2003–2015. Such a relocation may also influence the labour market in the long term, providing better educational opportunities as well as institutional support for employees and employers.

The municipality also created new public institutions which may play a role in changing the structure of the labour market, as well as the image of Praga. They operate within the framework of the strategic documents: the working version of the Strategy for Warsaw 2030 (henceforth: Strategy 2030), Revitalization Programme for the years 2014–2020 (henceforth: Rev. Programme) and Innovative Warsaw 2020, the Programme for the Entrepreneurial Support (henceforth: Inn. Warsaw 2020). All the documents favour the innovative and creative sectors as engines of socio-economic development. To some extent they are focused not on the existing social and human capital but aim to attract high-skilled inhabitants and migrants

working within innovative and creative industries (rather sketchily described). The Rev. Programme is the one more focused on the existing potential with such goals as an increase in the socio-economic activity; development of tourism, culture and sport based on local identities and resources of the cultural heritage; prevention of social exclusion and increasing the residents' participation in various urban activities. According to the Rev. Programme, economic activities should be based on the SMEs sector, in which three types of business areas – the creative sector, tourism and social economy – are perceived as the most promising.

Afore-mentioned new institutions are located in Praga North and their activities focus on social animation and introducing new business activities and job opportunities. One is the Museum of Praga [<https://muzeumpragi.pl/>, accessed 10.11.2017] (a branch of the Museum of Warsaw), opened in 2015, the other Targowa Centre for the Creative Sector, henceforth: CKT56, opened in 2016.

The Museum of Praga conducts a broad programme of analysis of Praga inhabitants and its labour market. Part of this analysis is focused on the craftsmanship and disappearing professions and skills. The Museum is involved in the activities related closely to the already existing environment of artisans, artists and other types of traditional workforce. In 2016 the Museum organised the Festival of Artisans, comprising workshops, meetings and shows. Visitors could see how the artisans worked and also learn some easier skills. The all-day festival ended with a fashion show of the collection designed by a young designer from the Warsaw Academy of Fine Art, made in co-operation with local craftsmen: a dressmaker, furrier and purse maker.

In 2017 the Museum of Praga started a cooperation with some artisans with the goal of the dissemination of the rare and disappearing skills. Thanks to the series of workshops and internships young people may learn the ropes of trade from experienced craftsmen based in Praga for decades: a confectioner, a glass maker, others expected to join the project. It is also part of the programme 'Revitalization – a Common Cause', which is a tailored action to learn more about the supply-demand reality in Praga, the specific state of the municipally-owned premises and to create a durable and feasible environment for economic activities of SMEs. It also complies with the trend, present for several years now in European and foreign countries to use traditional skills of repair to create a more sustainable and resilient economy [McGrane 2012, Rosner 2014].

CKT56 is the second venture of the City of Warsaw to provide working space for start-ups and micro-enterprises, after the Smolna Centre for Entrepreneurship, opened a few years earlier in the Warsaw downtown. Both are to play the role of business incubators, providing offices for prices lower than on the open market, legal and organisational support, seminars, debates and other forms of promotion, clustering and information. The example of such actions is the Creative Mixer, a series of presentations and public debates promoting Warsaw as a creative class-friendly city. They have been organized by CKT56 in cooperation with the British Council and attended by entrepreneurs from various Polish and European cities. There have been approx. 15 meetings till now, regarding such businesses as: fashion, design, music,

online stores and services, games, food design. In contrast to the Smolna Centre, the office space in CKT56 was to be dedicated only to the start-ups from the creative sector, which can remain in CKT56 for maximum 3 years. However, the demand from the creative business was smaller than expected. The main difference between CKT56 and the Smolna Centre is the plan to introduce more market-based rules of the CKT56 activities. The Smolna Centre is operated by the municipal administration, CKT56 is to be operated by a manager from the private sector. A tender for such an operator is held, with six proposals from the business sector so far. Another centre is planned to be opened in 2018, the Targowa Centre for the Creative Sector, at 80 Targowa Street. There is again a plan to attract the creative sector, and the premises are prepared even for a small-scale industry and production. It is also to be welcoming inhabitants who would like to learn new skills or become “more creative”, following the concept of a Living Lab.

## Summary

Since the beginning of the transformation Warsaw has gone through a period of significant change regarding the structure of the labour market and the role of municipality in the creation of the entrepreneurial environment. It also mirrors the European trends of de-industrialization, the rise of the creative sector and – in recent years – stronger involvement of the public administration and more cross-sectional influence on the labour market. In Warsaw all these transitional effects depended to some extent on the various local characteristics of the districts, with the long-standing divergence between the right and left bank parts of the capital.

Putting Praga's situation in a broader context reflects regional and global trends. The relocation of the industrial production to Asia, the demographic change and theories pointing to the innovations and creative industries as the main engines of economic growth influenced many urban policies in the early 21<sup>st</sup> century. For some years decision makers focused rather on the upper classes and higher skilled professionals of high mobility than local social and human capital of post-industrial areas. The transformation of post-industrial sites into cultural centres and residential areas followed the international trend in this respect, enhanced by the bubble on the real estate market. The crisis of 2008 and loss of international capital in many cities, as well as the growing role of Asian economies made the decision makers in European cities reflect on the real problems and challenges of the years to come. As some recent research and strategic documents at the EU level suggest, the de-industrialization of some cities may have been premature. Today, the combination of industry and the creative sector gains more and more importance in economic policies [Poniatowska-Jaksch, Sobiecki 2015; Cohen, Muñoz 2016]. The European Commission promotes new forms of industry, interlinked strongly with innovation and local markets [*For A European Industrial Renaissance*, 2014; *Investing in a smart, innovative and sustainable Industry* 2017; *Working together to strengthen human capital, employability and competitiveness* 2017].

Cities, especially capitals, play a crucial role in the process, as main hubs attracting the capital and clusters of various resources – from the built environment to freelancers' networks. Within these trends Praga may gain because of this economic delay. It is still the area of post-industrial sites, not yet transformed into housing estates. It is also the location of specific institutions and entrepreneurial ventures, which may become the hubs for new industrial models. Last but not least, there is a broad spectrum of the workforce, from former industrial workers (with various skill levels) to young artists and innovators. The presence of the public sector, both in the form of the institution such as Creative Centres and educational and administrative services should empower the cooperation between the stakeholders and provide a sustainable entrepreneurial environment.

The case study of Praga North and South, and Targówek reveals a complex mix of various activities and stakeholders from the public and private sector. There is a common ground to be found between the grass-root craftsmanship and programmes of such institutions as the Museum of Praga, as well as innovative micro-enterprises and long-term goals of urban strategies. The main challenge for the public sector seems now to be a facilitator of the ongoing processes, as well as to find the balance between attracting international players and supporting local free-lancers and craftsmanship.

The good framework for such actions is comprised e.g. in communications from the European Commission, such as the afore-mentioned or “A New Skills Agenda for Europe” and “Investing in a smart, innovative and sustainable industry: a renewed EU Industrial Policy Strategy, 2017. Working together to strengthen human capital, employability and competitiveness.” Regarding site-specific policies, apart from the municipality programmes there are also recommendations of the Polish Architects' Association Warsaw Branch [Happach, Sadowy 2014], where several actions were proposed for the inclusion of Praga's unemployed and low-skilled inhabitants. They comprised the reduction of the lease payments or preferences in the lease of the municipally-owned premises for the firms providing jobs and educational opportunities for local inhabitants. The framework would need further specification and development, but its general goal was to create a public policy empowering the local labour market.

Today Praga North and South and Targówek create a very complex environment, with a true social and professional mix. It is an asset of these three districts that should be wisely governed, to create a resilient and inclusive part of the capital city [Korcelli-Olejniczak et al. 2017a and 2017b]. The present stakeholders from the private sector, as well as numerous NGOs provide the promising activity in the area. Public policies should be both long-term and well-rooted in the existing environment to be successful. An important role to be played by the local government, directly or through the cooperation with NGOs is to provide the information of the business opportunities and forms of support, and to create or enhance social networking, one of the most effective tools to overcome social problems [Zenou 2009]. The key to success, both for the enterprises and municipal programmes, is networking, administrative and peer support as well as various forms of formal and informal cooperation.



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