

DETERMINANTS OF ENTREPRENEURSHIP DEVELOPMENT IN THE OPINION OF THE AUTHORITIES OF RURAL AND SEMI-URBAN MUNICIPALITIES IN WARMIŃSKO-MAZURSKIE VOIVODESHIP

Iwona Pomianek  

Warsaw University of Life Sciences – SGGW

ABSTRACT

The paper presents opinions of local government authorities on determinants of local entrepreneurship development. The research conducted in 2017 in rural and urban-rural municipalities of Warmińsko-Mazurskie Voivodship (Poland) shows that among the locational conditions for entrepreneurship development the tourist attractiveness was rated as the highest. Infrastructural conditions were assessed as favourable while such features of the residents as education level, age or qualifications were satisfactory for the respondents. Protected natural areas, popular in the analysed region, were both a barrier and an opportunity for entrepreneurship development. Moreover, self-government activities were evaluated as good on the local level, and satisfactory on the regional level.


Key words: entrepreneurship, conditions of development, local level, Poland

INTRODUCTION

Entrepreneurship has long been seen as an important instrument in stimulating and generating economic growth and local development and the amount of research trying to identify key factors that drive entrepreneurship is considerable [Arin et al. 2015]. Despite considerable interest in the subject of entrepreneurship, there is no unambiguous definition of this phenomenon [Pomianek 2018]. A common feature of some definitions [Say 1855, Kamerschen et al. 1991, Adamczyk 1995, 1996, Kapusta 2001, Kłodziński and Fedyszak-Radziejowska 2002, Tuzimek 2002, Gaweł 2007, Kropsz and Kutkowska 2008] is the combination of entrepreneurship and business. Other definitions refer to psychological features or skills of the entrepreneur and

way of acting [Cantillon 1755, Knight 1933, Schumpeter 1960, John Paul II 1991, Drucker 2004, Hébert and Link 2006]. Some economists combine definitions – for example, Casson [1982] developed an original synthesis basing on different approaches, comprising theory of risk-bearing [Cantillon 1755], theory of uncertainty-bearing [Knight 1933], theory of innovation [Schumpeter 1912, 1934], theory of distributed knowledge [Hayek 1945], theory of incentives [Baumol 1968] as well as theory of opportunity-seeking [Kirzner 1973]. Multidimensionality of entrepreneurship emphasizes its importance in economic development, as it occurs in all sectors of the economy. In addition, researches [Sawicka 2013, Bański 2014, Żmija 2017, Godlewska-Majkowska 2018] show that small businesses are the basis for rural development, reducing unemployment,

Iwona Pomianek  <https://orcid.org/0000-0002-2858-2714>

 iwona_pomianek@sggw.pl

providing products to local markets, stimulating the local economy, and providing tax revenues for municipalities – and, at the same time, entrepreneurs depend to a large extent on decisions of local self-government authorities, including investments in technical infrastructure. From this perspective, entrepreneurs play significant role in local and regional development. However, setting up and maintaining own enterprise is not easy [Plawgo 2005, Krasniqi 2008, Garcia-Ruiz and Toninelli 2010, Okwiet and Nowak 2015, Plotnikov and Leontyev 2015, Huggins et al. 2017]. Economics barriers seem to be the most severe while setting up and running the enterprise. Particularly, SMEs face credit discrimination from banks because of their information opacity. Due to the ambiguous nature of the credit rating models and information asymmetry between banks and the SMEs, banks can impose not only higher prices of the loans, but also non-price related restrictions in SME lending, for example, collateral, shorter maturity, and smaller loan size [Rahman et al. 2017]. Lack of transparency of banking regulations and incomplete information are also reflected in the marketing decisions of entrepreneurs [Morris and Lewis 1995, Bajdor 2015] and affect the competitive ability of enterprises [Zvirblis and Buracas 2012, Sipa et al. 2015].

MATERIAL AND METHODS

The paper presents results of the survey conducted from March to September 2017 in 100 municipalities of Warmińsko-Mazurskie Voivodeship (including 67 rural and 33 semi-urban ones). The voivodeship has been known as one of the biggest and at the same time one of the most problematic regions in Poland. Answers of the municipal mayors were collected from 42% of surveyed self-government units (the same percentage distribution in both groups of municipalities). The presented questions were multiple-choice, so the answers do not sum up to 100%. The resulting structure of respondents (34% in Elbląski sub-region, 26% in Elcki sub-region and 40% in Olsztyński sub-region) was in line with the structure of the surveyed population, which allows making generalizations of the findings.

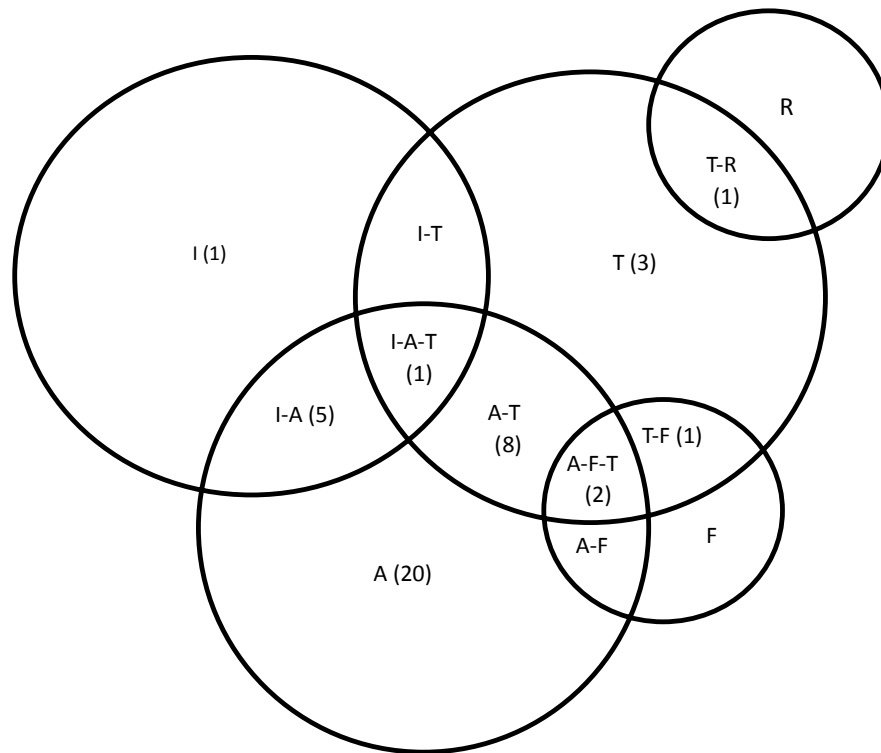
The aim of the paper is to present opinions of the authorities on determinants and conditions of local entrepreneurship development.

RESULTS AND DISCUSSION

Almost half of the respondents stated that an agricultural profile was the leading function of the municipality (50% of rural municipalities and 43% of semi-urban municipalities). The second group in terms of size (19%) included municipalities of agricultural and tourist profiles (29% of semi-urban municipalities and 14% of rural ones). In the group of municipalities of following profiles: agricultural-industrial, tourist as well as agricultural-tourist-forest, only rural municipalities were included (correspondingly: 18, 11 and 7%). On the other hand, only semi-urban municipalities were classified as units of industrial, tourist-forest, tourist-residential as well as agricultural-tourist-residential profiles (7% each). The distribution of responses was illustrated in Figure 1.

Municipal authorities were asked to assess the determinants of entrepreneurship development in the local level. The evaluation criteria were divided into four thematic groups: location, technical infrastructure, features of residents and government activities.

As it was presented in Figure 2, among the location conditions for the development of entrepreneurship in the municipality, the tourist attractiveness was rated the highest – from 3.9 in rural units to 4.2 in semi-urban ones. In municipalities with a purely tourist profile the authorities rated this factor at 5.0 (maximum assessment scale adopted), whereas in municipalities with mixed functions involving tourist function – 4.5. In municipalities with a dominant agricultural function, the average tourist attractiveness rate amounted to 3.7, while in units of mixed profiles including agricultural function it was a bit higher and amounted to 4.3. The second location factor (relation to major transport routes) was rated the highest in tourist municipalities (4.0). Authorities of the units with mixed functions involving tourist assessed this factor at the level of 3.3, while the average rating of respondents in municipalities with agricultural function ranged from 3.3 (agricultural profile) to 3.7 (mixed profile with agricultural function). As it can be seen from Figure 2, the average score in rural communes was higher than in semi-urban ones and amounted to 3.6 compared to 3.2. The last location factor illustrated accessibility of regional and sub-regional centres. Again, the best



A – agricultural, F – forest, I – industrial, R – residential, T – tourist

Fig. 1. Functions of municipalities in the opinion of local authorities (number of answers)

Source: Author’s research.

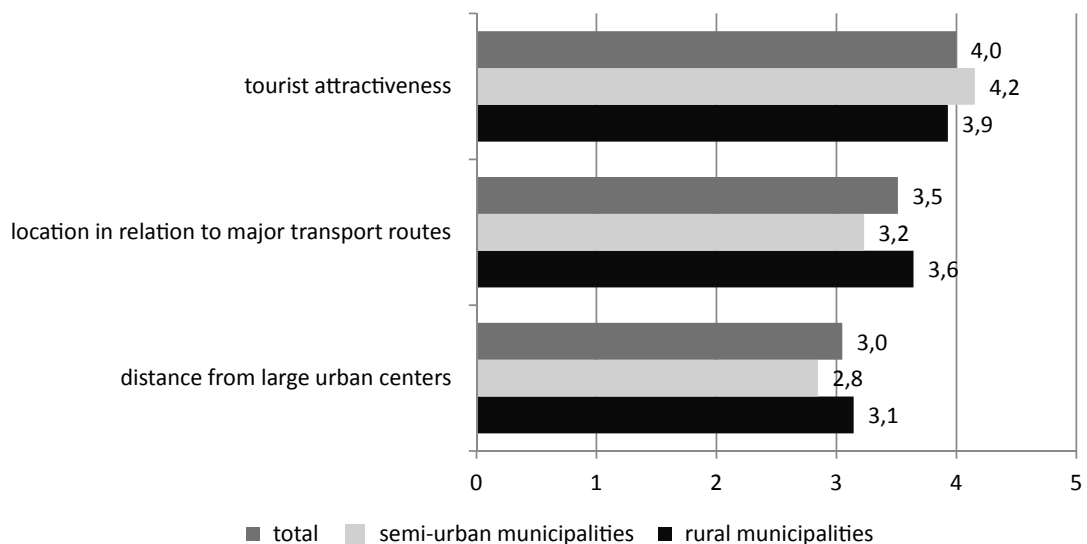


Fig. 2. Assessment of location as a condition for entrepreneurship development in municipalities in the opinion of local authorities (answer scale from 1 to 5, where: 1 = strongly unfavourable, 5 = strongly favourable)

Source: Author’s research.

ratings were observed in tourist municipalities (3.7) and in both mixed groups (3.3 in the mixed tourist municipalities and 3.2 in the mixed agricultural municipalities). Distance from large urban centres seemed to be larger in agricultural municipalities as well as semi-urban ones, having their own local urban centres (Fig. 2).

Assessment of technical infrastructure was the next task for the respondents (Fig. 3). Water supply network had better rating in rural municipalities (4.3) – it proves that local authorities of rural units had been proud of the state of water supply and such investments in the municipality. The highest rating characterised tourist municipalities (4.7), whereas in tourist mixed ones it amounted to 3.5, 4.2 in agricultural units or 4.1 in mixed ones with agricultural function. The condition of the telephone network, which currently has been also covering the range of mobile telephony, in most municipalities was assessed at a good level (4.0). The highest average rating was given by the semi-urban authorities (4.2), the lowest – in municipalities with a mixed profile with a tourist function (3.8). Regarding the condition of a road network, the average rating in most analysed groups ranged from 3.1 (mixed tourist) to 3.3 (rural, agricultural, mixed agricultural). In tourist municipalities, the level of satisfaction was higher (3.7).

Gender, age, level of education, experience or income have been important factors of entrepreneurship development in numerous researches [Michalewska-Pawlak 2012, Sawicka 2013, Figueiredo and Brochado 2015, Neneh 2017a, b]. Features of the residents such as education level, age or qualifications received similar ratings in both administrative types of municipalities (Fig. 4). Better average marks were given in semi-urban (3.3) and tourist (3.7) units. On the other hand, in municipalities with a mixed profile with a tourist function, the level of education of local society was rated as the lowest (2.9). In the case of the age category, only the authorities of the tourist municipalities and the mixed profile with the tourist function were not in line with the assessment – respectively providing the rating of 3.7 and 2.9. In other groups of municipalities, 3.1 points were given. Similarly, the lowest rating of qualifications was observed in mixed tourist municipalities, and the highest – in tourist units (3.7). In the remaining municipalities, the assessment ranged from 3.0 to 3.1. And again, authorities of tourist municipalities gave the highest average rate (3.7) for social activity (activeness), followed by respondents from mixed agricultural units with 3.1 and other municipalities in terms of their economic profile (2.8). According to the

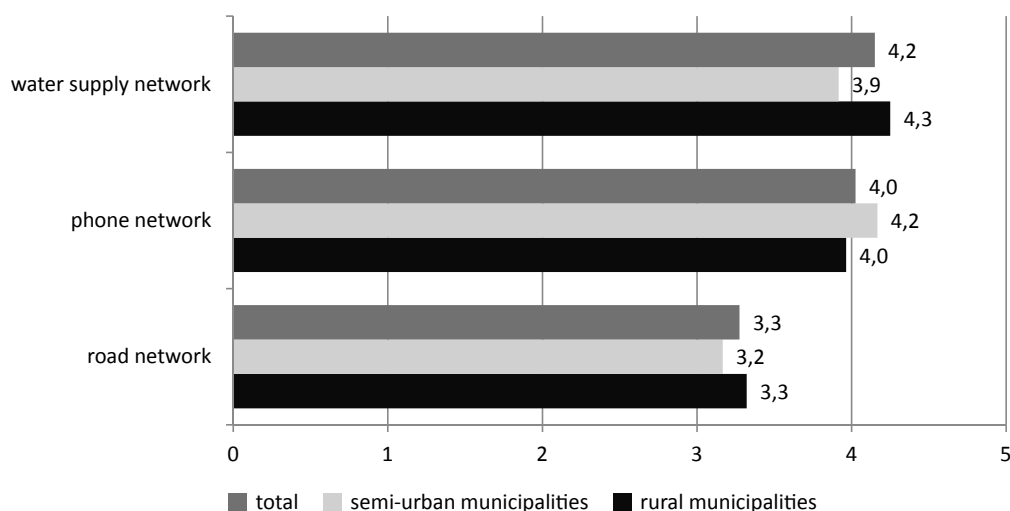


Fig. 3. Assessment of technical infrastructure as a condition for entrepreneurship development in municipalities in the opinion of local authorities (answer scale from 1 to 5, where: 1 = strongly unfavourable, 5 = strongly favourable)
Source: Author's research.

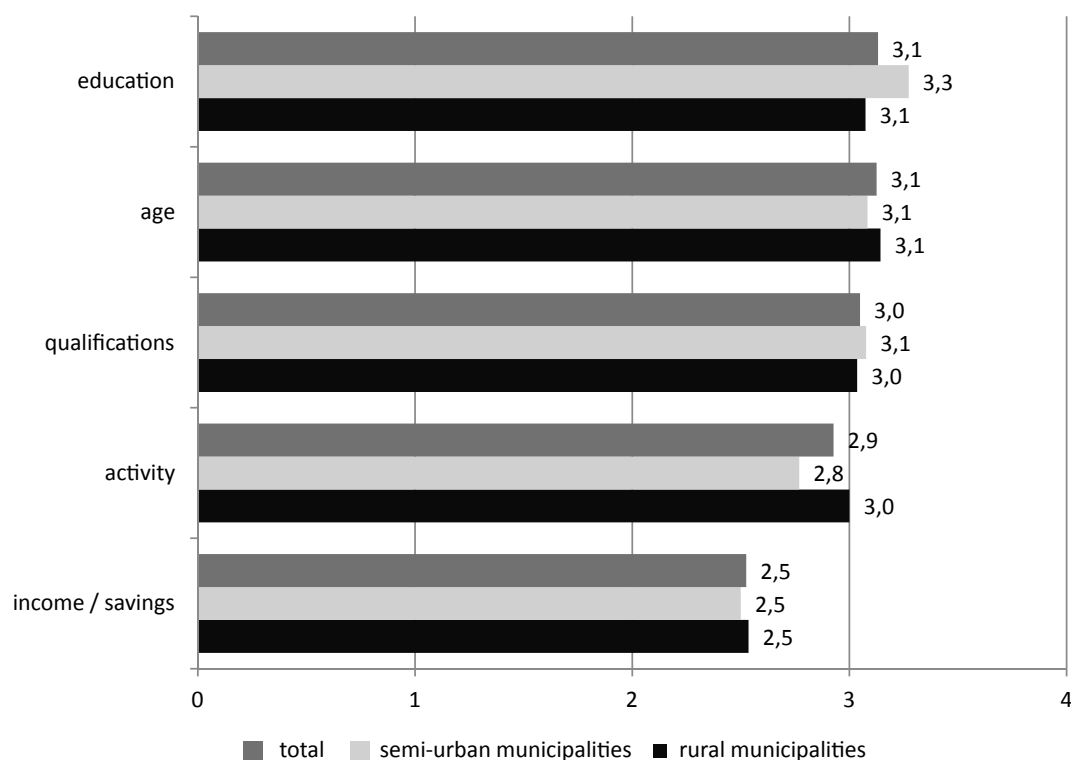


Fig. 4. Assessment of features of local population as a condition for entrepreneurship development in municipalities in the opinion of local authorities (answer scale from 1 to 5, where: 1 = strongly unfavourable, 5 = strongly favourable)

Source: Author's research.

administrative status, in rural municipalities social activity was rated a bit higher (3.0) in comparison to semi-urban ones (2.8). Finally, the last factor of the society – income and savings – gathered the lowest average rates in comparison to other factors in this area, usually not exceeding 2.5. In tourist municipalities, exceptionally, the average rating was 3.3.

The last questioned area concerned self-government activities (Fig. 5). In the opinion of municipal authorities, local government activities was evaluated in inverse proportion taking into account the level of administration. For each level, the highest rating was given by authorities of semi-urban municipalities (from 4.3 for self-evaluation to 3.7 for voivodship's). Respondents from rural municipalities assessed their activity at 3.9, poviat's at 3.5 and voivodship's at 3.4. Self-government in rural municipalities gave similar marks. In municipalities of mixed functions the average rates ranged from 4.2 (mixed tourist) to 4.4 (mixed

agricultural) at the municipal level, then 3.3–3.5 at the poviat's level and finally 3.2–3.3 at the regional level (voivodship). The authorities of tourist municipalities assessed themselves as well as the voivodship's activeness at 4.0, whereas the poviat's activeness got a bit lower rank – 3.7.

Due to the presence of protected natural areas in the analysed communes, local authorities assessed impact of these areas on conducting business activity. Protected natural areas were a barrier for 14 self-governments and an opportunity for 17 local authorities. At the same time in 2 municipalities the respondents claimed both answers, and in 7 units the authorities saw neither opportunities nor limits resulting from natural areas (Fig. 6).

Landscape and national parks, reserves and other protected natural areas (e.g. Natura 2000) have a particular impact on economic activities, such as tourism or agriculture, largely dependent on natural condi-

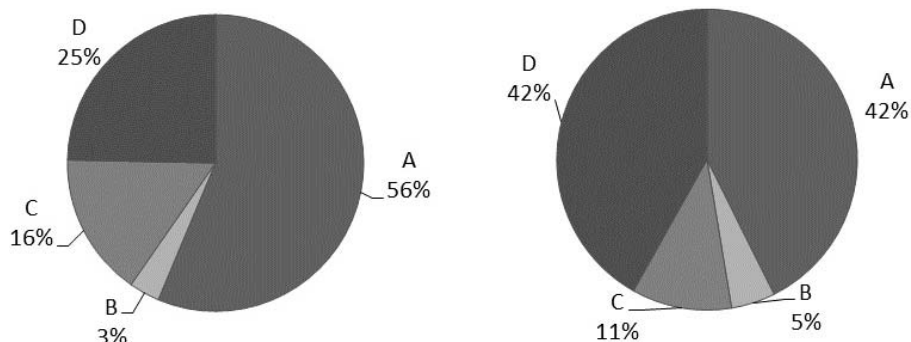


Fig. 5. Assessment of self-government activity at various levels of government as a condition for entrepreneurship development in municipalities in the opinion of local authorities (answer scale from 1 to 5, where: 1 = strongly unfavourable, 5 = strongly favourable)

Source: Author's research.

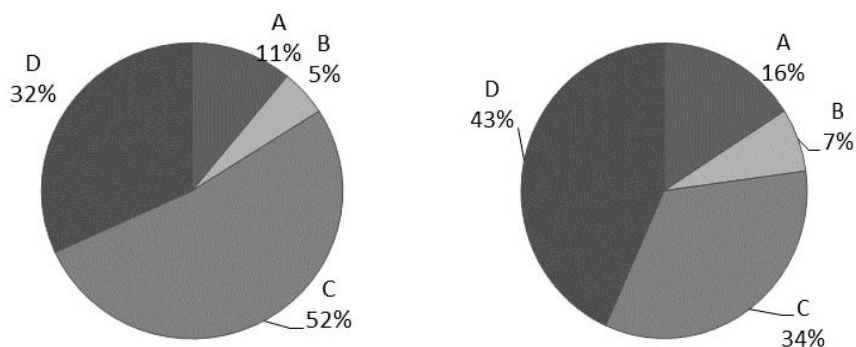


Fig. 6. Assessment of impact of protected natural areas on entrepreneurship development in the opinion of local authorities (number of responses)

Source: Author's research.

tions. Thus, the four analysed types of municipalities require a closer look. Most of agricultural or mixed agricultural self-governments (a total of 15) claimed, that protected natural areas were a barrier for entrepreneurship development in their municipalities. In the contrary, respondents in most of municipalities of a tourist profile or a mixed profile with tourist function perceived natural protected areas as an opportunity for entrepreneurship development.

CONCLUSIONS

Despite considerable interest in the subject of entrepreneurship, there is no unambiguous definition of

this phenomenon. The category of rural entrepreneurship is also not adequately recognized, although many scientists conduct research in the field of conditions and instruments and mechanisms for supporting the development of entrepreneurship. Enterprises businesses are important for local and regional development, being at the same time dependent to a large extent on decisions of local self-government authorities, including investments in technical infrastructure or fiscal decisions. Despite a wide range of support instruments at the level of the European Union, local authorities and institutions should strive to create optimal conditions for the creation and development of companies on a local scale.

REFERENCES

- Adamczyk, W. (1995). Przedsiębiorczość. Próba definicji. *Przegląd Organizacji*, 11, 12–15.
- Adamczyk, W. (1996). Przedsiębiorczość. Próba systematyzacji. *Przegląd Organizacji*, 2, 13–18.
- Arin, K.P., Huang, V.Z., Minniti, M., Nandialath, A.M., Reich, O.F.M. (2015). Revisiting the Determinants of Entrepreneurship, A Bayesian Approach. *Journal of Management*, 41 (2), 607–631.
- Bajdor, P. (2015). The Use of Information and Communication Technologies in Polish Companies in Comparison to Companies from European Union. 22nd International Economic Conference – IECS 2015 “Economic Prospects in the Context of Growing Global and Regional Interdependencies”. *Procedia Economics and Finance*, 27, 702–712.
- Bański, J. (2014). Współczesne typologie obszarów wiejskich w Polsce – przegląd podejść metodologicznych. *Przegląd Geograficzny*, 86 (4), 441–470.
- Baumol, W. (1968). Entrepreneurship in Economic Theory. *American Economic Review*, May.
- Cantillon, R. (1755). *Essay on the Nature of Commerce*. Available at: <http://socserv2.socsci.mcmaster.ca/~econ/ugcm/3ll3/cantillon/essay1.txt> [accessed: 10.04.2018].
- Casson, M. (1982). *The entrepreneur*. The Economic Theory. M. Roberston, Oxford.
- Drucker, P.F. (2004). *Natchnienie i fart czyli innowacja i przedsiębiorczość*. Studio Emka, Warszawa.
- Figueiredo, V., Brochado, A.O. (2015). Assessing the main determinants of entrepreneurship in Portugal. *Tourism & Management Studies*, 11 (1), 182–190.
- Garcia-Ruiz, J.L., Toninelli, P.A. (Eds.) (2010). *The Determinants of Entrepreneurship: Leadership, Culture and Institutions*. Pickering and Chatto, London.
- Gawel, A. (2007). Ekonomiczne determinanty przedsiębiorczości. *Prace Habilitacyjne* 34. Wydawnictwo Akademii Ekonomicznej w Poznaniu, Poznań.
- Godlewska-Majkowska, H. (2018). Investment attractiveness of Polish municipalities in relation to local entrepreneurship. *Olsztyn Economic Journal*, 13 (2), 103–122.
- Hayek, F. (1945). The use of knowledge in society. *The American Economic Review*, 35 (4), 519–530.
- Hébert, R.F., Link, A.N. (2006). The Entrepreneur as Innovator. *Journal of Technology Transfer*, 31, 589–597.
- Huggins, R., Prokop, D., Thompson, P. (2017). Entrepreneurship and the determinants of firm survival within regions: human capital, growth motivation and locational conditions. *Entrepreneurship and Regional Development*, 29 (3), 1–33.
- John Paul II (1991). *Encyklika Centesimus annus*. Rome.
- Kamerschen, D., McKenzie, R., Nardinelli, C. (1991). *Ekonomia*. Fundacja Gospodarcza NSZZ „S”, Gdańsk.
- Kapusta, F. (2001). *Teoria agrobiznesu*. Cz. 1. Wydawnictwo AE we Wrocławiu, Wrocław.
- Kirzner, I. (1973). *Competition and Entrepreneurship*. University of Chicago Press, Chicago.
- Kłodziński, M., Fedyszak-Radziejowska, B. (2002). Przedsiębiorczość wiejska. Rozumienie terminu. Możliwości i bariery rozwoju. [In:] M. Kłodziński, B. Fedyszak-Radziejowska (Eds.). *Przedsiębiorczość wiejska w Polsce i krajach Unii Europejskiej*. IRWiR PAN, Warszawa.
- Knight, F.H. (1933). *Risk, uncertainty and profit*. Classic reprint, FB & c, London.
- Krasniqi, B.A., Shiroka-Pula, J., Kutllovci, E. (2008). The determinants of entrepreneurship and small business growth in Kosova: evidence from new and established firms. *International Journal of Entrepreneurship and Innovation Management*, 8 (3), 320–342.
- Kropsz, I., Kutkowska, B. (2008). Stan przedsiębiorczości na obszarach wiejskich Dolnego Śląska. *Wieś i Rolnictwo*, 1 (138), 88–103.
- Michalewska-Pawlak, M. (2012). Social and cultural determinants of entrepreneurship development in rural areas in Poland. *Przedsiębiorstwo we Współczesnej Gospodarcze –Teoria i Praktyka*, 1, 51–65.
- Morris, M.H., Lewis, P.S., (1995). The determinants of entrepreneurial activity: Implications for marketing. *European Journal of Marketing*, 29 (7), 31–48.
- Neneh, B.N. (2017a). Family Support and Performance of Women-owned Enterprises: The Mediating Effect of Family-to-Work Enrichment. *Journal of Entrepreneurship*, SAGE, 26 (2), 196–219. <https://doi.org/10.1177/0971355717716762>
- Neneh, B.N. (2017b). Gender specifics in entrepreneurs’ social capital: implications for firm performance. *Gender & Behaviour*, 15 (1), 8462–8477.
- Okwiet, B., Nowak, S. (2015). The Meaning of Occupational Risk in Small and Medium Sized Enterprises in Poland. 22nd International Economic Conference – IECS 2015 “Economic Prospects in the Context of Growing Global and Regional Interdependencies”. *Procedia Economics and Finance*, 27, 144–152.
- Plawgo, B. (2005). Lokalne uwarunkowania rozwoju przedsiębiorczości. *Prace i Materiały Wydziału Zarządzania Uniwersytetu Gdańskiego*, 4, 208–219.
- Plotnikov, V., Leontyev, E. (2015). Efficiency of Small Business Management in the Communications Industry: Simulation of the Competitive Environment. 22nd International Economic Conference – IECS 2015

- “Economic Prospects in the Context of Growing Global and Regional Interdependencies”. *Procedia Economics and Finance*, 27, 177–185.
- Pomianek, I. (2018). Historical and contemporary approaches to entrepreneurship. *Review of Polish literature. Business Ethics and Leadership*, 2 (2), 57–66.
- Rahman, A., Rahman, T., Belas, J. (2017). Determinants of SME Finance: Evidence from Three Central European Countries. *Review of Economic Perspectives – Národohospodársky Obzor*, 17 (3), 263–285.
- Sawicka, J. (Ed.) (2013). *Rynek pracy na obszarach wiejskich Mazowsza: perspektywa gender*. Wydawnictwo SGGW, Warszawa.
- Say, J.B. (1855). *A Treatise on Political Economy*. 4th edn. Lippincott, Grambo & Co, Philadelphia. Retrieved from: <http://www.econlib.org/library/Say/sayT.html> [accessed: 10.04.2018].
- Schumpeter, J. (1912). *The Theory of Economic Development*. Transaction Publishers, New Brunswick, NJ.
- Schumpeter, J. (1934). *The theory of economic development: an inquiry into profits, capital, credit, interest and the business cycle*. *Harvard Economic Studies*, 46. Harvard College, Cambridge.
- Schumpeter, J. (1960). *Teoria rozwoju gospodarczego*. PWN, Warszawa.
- Sipa, M., Gorzeń-Mitka, I., Skibiński, A. (2015). Determinants of Competitiveness of Small Enterprises: Polish Perspective. 22nd International Economic Conference – IECES 2015 “Economic Prospects in the Context of Growing Global and Regional Interdependencies”. *Procedia Economics and Finance*, 27, 445–453.
- Tuzimek, B. (2002). *Przedsiębiorczość w społeczności lokalnej. Wymiary sukcesu wiejskich przedsiębiorców (cz. I)*. *Więś i Rolnictwo*, 2 (115), 81–100.
- Zvirblis, A., Buracas, A. (2012). Backgrounds of Aggregated Assessment of SMEs Competitive Advantage Determinants. *TEM Journal*, 1 (4), 213–220.
- Żmija, K. (2017). Microeconomic factors of the development of enterprises as perceived by rural entrepreneurs of the Małopolskie Province. *Acta Sci. Pol. Oeconomia*, 16 (1), 111–120.

UWARUNKOWANIA ROZWOJU PRZEDSIĘBIORCZOŚCI W OPINII WŁADZ GMIN WIEJSKICH I MIEJSKO-WIEJSKICH WOJEWÓDZTWA WARMIŃSKO-MAZURSKIEGO

STRESZCZENIE

Celem artykułu było przedstawienie opinii samorządów gminnych na temat uwarunkowań rozwoju przedsiębiorczości w skali lokalnej. Badania przeprowadzone w 2017 roku w gminach wiejskich i miejsko-wiejskich województwa warmińsko-mazurskiego pokazują, że wśród warunków lokalizacyjnych dla rozwoju przedsiębiorczości najwyżej oceniono atrakcyjność turystyczną badanego obszaru. Warunki infrastrukturalne zostały ocenione jako korzystne, podczas gdy takie cechy mieszkańców jak poziom wykształcenia, wiek czy kwalifikacje były dla respondentów satysfakcjonujące. Obszary przyrodniczo chronione, występujące często w analizowanym regionie, stanowiły zarówno barierę, jak i szansę na rozwój przedsiębiorczości. Ponadto działania samorządowe oceniono jako dobre na poziomie lokalnym i zadowalające na poziomie regionalnym.

Słowa kluczowe: przedsiębiorczość, uwarunkowania rozwoju, poziom lokalny, Polska