

## **ENTREPRENEURSHIP AND TRENDS IN DEVELOPMENT OF RURAL COMMUNES IN POLAND**

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**Abstract.** The article presents a more in-depth look at the concept and nature of entrepreneurship in rural areas in Poland. Empirical studies have been conducted in 2011 in 229 rural communes in the Mazowieckie region and their objective was to present the opinions of the local authorities on the directions for development of individual communes. This was accomplished using a diagnostic survey method executed by means of a survey following a standardised questionnaire. It has been found that the main objectives to be implemented by the surveyed communes' local authorities were: improving social and technical infrastructure, attracting outside investors as well as initiating and supporting local entrepreneurship. Local authorities perceived development of small and medium-sized enterprises as the primary direction for development of their communes.

**Key words:** entrepreneurship, local government, local development, Mazowieckie, Poland.

**Jel code:** R11

### **Introduction**

Today, the issue of entrepreneurship is approached from a very wide perspective as it includes economic, technological, psychological and many others aspects, bringing new behaviours, attitudes and values. This applies to both business operations and other forms of human activity, which require creativity and initiative, in other words entrepreneurship. It becomes a "way of life" for all participants of a market economy, both households and enterprises. Indeed, it is the market that imposes such a situation, becoming a natural driving force behind entrepreneurial behaviour in a market economy.

The issue of entrepreneurship development at a local level is an essential element of a broader issue - the development of the local economy, which is reflected in, inter alia, an increase in GDP per capita, job growth and changes in the economic structure of a particular area. The aforementioned development should result in: new businesses and jobs, increased

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number and quality of services, resources in the form of attractive locations (developed land, real estate, etc.), intellectual resources (skills, knowledge, qualifications of local community members) (Struzycki M., 2006).

The Mazowieckie voivodeship was selected for the empirical study because it is the most economically diversified voivodeship in Poland. It has the area of 35.6 thousand km<sup>2</sup>, which amounts to 11.4% of Poland's territory, and the population of 5.08 m people, which, in turn, corresponds to the 13.5% share in the whole country's population. The majority of the people settled in towns (64%), where the Warsaw conurbation is the main centre. At the same time, the Mazowieckie region has the largest population of rural people. The settlement network consists of 85 towns, including the capital of Poland, which may be considered as a metropolitan centre at the European level, and 4 towns with poviats rights, which are: Plock, Radom, Siedlce and Ostroleka. As regards local service centres, there are 37 towns – poviats headquarters and 314 districts, including 35 municipal ones, 50 municipal-rural ones, and 229 rural ones, which account for 73% of all the districts in the voivodeship (The Development Strategy for the Mazowieckie voivodeship till 2020, as amended, 2006).

Empirical studies in this article consisted of the collection and analysis of information obtained from studies conducted using the diagnostic survey method performed by means of a survey prepared using a standardised questionnaire. All the rural districts of the Mazowieckie voivodeship (229), which account for  $\frac{3}{4}$  of all this voivodeship districts, were the object of the study. The questionnaire was addressed to the representatives of self-government authorities (village heads, secretaries, or treasurers). The replies came from 137 districts, which accounted for almost 60% of the examined districts. The questionnaire was conducted in 2011 and it covered, among other things, questions concerning the development paths of particular districts.

The research mainly aimed to present the self-government authorities' opinions on the development paths of particular districts. Moreover, the article determined two research tasks:

- what factors have the most significant influence on the development of a given district according to the district self-government authorities;
- which objectives articulated in the development strategy are considered by self-government authorities as the most important ones.

## **The nature and concept of entrepreneurship from a theoretical perspective**

When consulting literature on entrepreneurship, one can notice that it has existed for as long as humanity itself. Considerations regarding the issue of entrepreneurship include both the development of entrepreneurship and the role of the entrepreneur. These concepts are linked because there can be no entrepreneurship without the entrepreneur and vice versa. The existence of the entrepreneur and the actions taken by him or her implies the existence of

entrepreneurship, provided preferable conditions are established by the general principles of functioning of a particular society and economy.

From a methodological perspective, considering entrepreneurship and entrepreneurs as combined entities seems justified. Arguments confirming this approach are provided by theories and concepts of entrepreneurship that have arisen in different sciences. In some concepts a greater emphasis has been placed on a subjective approach (focusing on the functions, characteristics, personality of the entrepreneur), while in others the procedural approach prevails (with an emphasis on entrepreneurship as a complex process, on the dynamics of the phenomenon).

An analysis of entrepreneurship theories formulated over many decades makes it possible to present a multi-dimensional concept of the development of this issue, which has arisen at different times, within different disciplines, indicating its interdisciplinarity. In literature on entrepreneurship it is possible to separate concepts that were created on the basis of economics, management sciences, psychology and culture. However, the most extensive collection consists of concepts developed within various branches of economic theory, in particular those in the field of company theory.

In literature on this subject one can find many interpretations of the concept of entrepreneurship, as it is a multi-faceted category combining many sciences, which means that there is no single, coherent definition. It is an issue discussed by economists, representatives of management-related sciences, psychologists and sociologists. Due to the diversity of interests and expertise of the individual sciences, they stress economic, social, psychological or educational aspects.

In many research approaches, especially those related to economics, entrepreneurship is linked to economic activity and is also often identified with the establishment and running of a business, analysed based on benefits of an economic nature that can be achieved by taking entrepreneurial actions within businesses, local communities, regions as well as the country's economy (Golasa P., 2013). Psychologists link the concept of entrepreneurship to a set of an individual's traits and analyse the internal mechanisms, called personality mechanisms, which shape the aforementioned traits and direct entrepreneurial behaviour. Meanwhile, sociologists analyse mechanisms that contribute to the diffusion of any innovation in a given society, the role played by local leaders in this process as well as the effects entrepreneurial activities have on the local community.

P.F. Drucker, recognised as an international expert in the field of entrepreneurship, defines it as: "the interdependence of entrepreneurial and innovative activities that make it possible to achieve the intended purpose - to succeed in a particular market segment or conducted business operations" (Drucker P.F., 1992). From an economic standpoint entrepreneurship is "the ability to see the possibilities inherent in the environment and taking advantage of them to commence business in the form of an organised enterprise, resulting from internal (subjective) predisposition of a person, i.e. entrepreneur" (Nogalski B., 2003).

Development of entrepreneurship, understood as encouraging initiative and creating conditions for establishing and conducting economic operations, contributes to increased economic development, particularly in less developed regions. Entrepreneurs, who in such areas usually operate in market niches, participate in changing the industrial structure, initiate the creation and development of new products and services, make a significant contribution to overcoming economic crises, make it possible to obtain satisfactory results of economic development (Piecuch T., 2010).

In summarising the discussion related to the concept and nature of entrepreneurship, it can be concluded that it is a quite complex, multi-faceted issue combining many elements from various disciplines.

## **Research results and discussion**

In Poland, entrepreneurship had been recognised at the time the foundations of a market economy were being formed, when the principles of a welfare state ceased to exist. Then, people who had such qualities as creativity, resourcefulness, ingenuity, who were and are open to innovation, began to run their own businesses in various areas of life. Entrepreneurship within an economy, at all levels - national, regional or global - is an extremely important part of socio-economic progress and a complex process, whose nature is defined by organised activity, based on the cooperation of many people and implementation of actions undertaken by them (Bienkowska W., 2013).

The development of regional businesses is also affected by the actions of all participants of socio-economic life of a particular commune. Measures taken should result from a process of cooperation between the actors in local life and focus on an understood and generally accepted development programme. This is the task for the local government authorities representing the particular local community. Local authorities have in their powers competencies and capabilities to create a suitable programme, one determining the directions for development and the means for its execution as well as the implementation method of investment projects (Bienkowska-Golasa W., 2013).

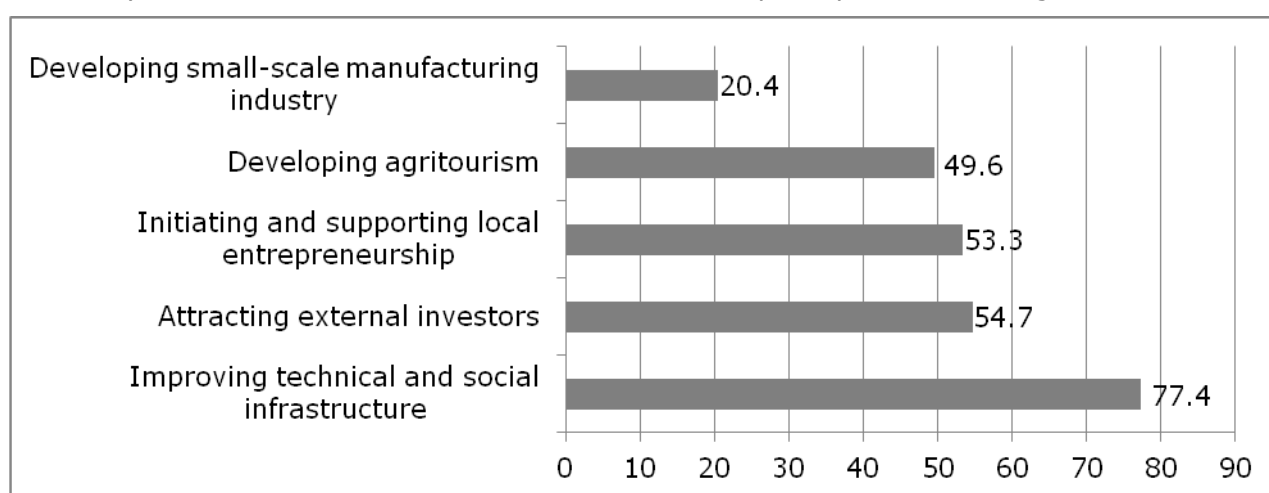
The powers of the local authorities include the preparation of a development strategy aimed at improving the quality of life in the commune as well as making it easier to adapt to a constantly changing environment. The main tasks of the commune's development strategy should be to provide a basis for:

- the delineation of strategic directions for commune development;
- the efficient, rational and effective management of the commune by its authorities;
- the creation of optimum features of the location from the usability perspectives for investors;
- the optimal use of their own limited financial resources;

- better and easier adaptation of the commune to the changing environment, in which it operates as well as to the opportunities and threats that may arise along its road to further development;
- conducting promotional activities of the commune;
- the commune authorities to assist and secure financing from external sources for entrepreneurs as well as for the implementation of investment projects foreseen in the development strategy (Jaremczuk K., 2004).

All the rural districts of the Mazowieckie voivodeship (229) were the object of the study. The questionnaire was addressed to the representatives of self-government authorities (village heads, secretaries, or treasurers).

The study sought to establish the main objectives set in the development strategy of the surveyed communes. Detailed information on this topic is presented in Figure 1.



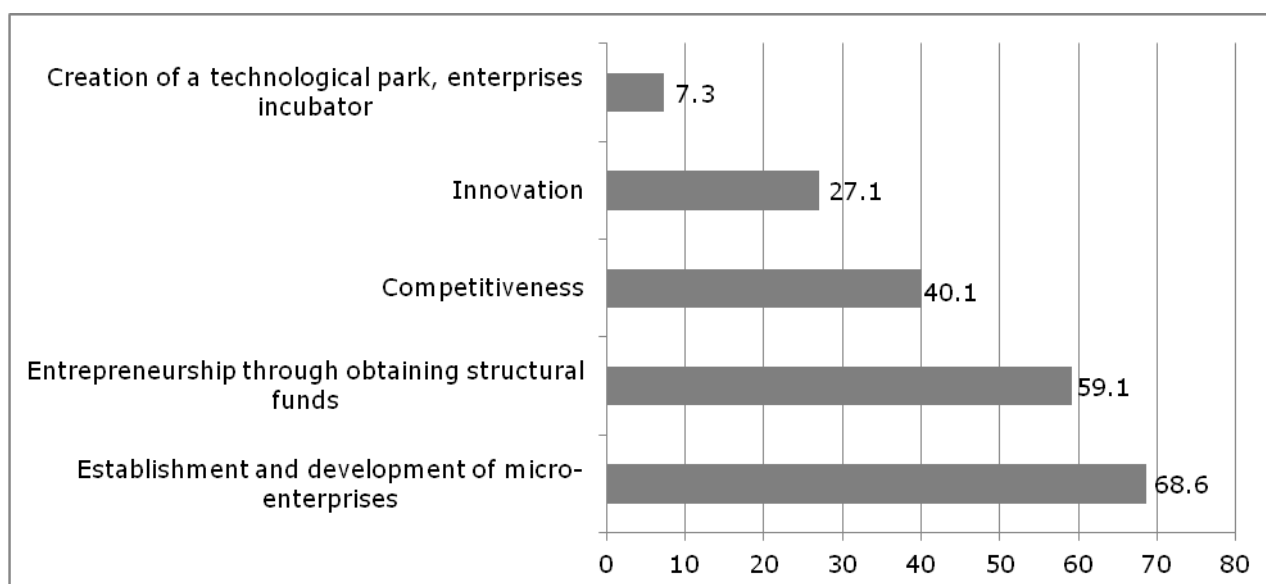
N = 137 communes (the person responding could choose more than one answer)

**Source: own research**

**Fig. 1. Objectives defined in the development strategy of individual communes (in %)**

The most commonly cited objective was to improve the technical and social infrastructure. This answer was selected by 4 out of 5 representatives of the surveyed communes. More than half of the respondents pointed to: attracting external investors, and initiating and supporting local entrepreneurship. The authorities saw quite a significant opportunity for the development of their commune in the development of agritourism, which would undoubtedly affect the attractiveness of the area and attract potential tourists. Only one in five respondents pointed to the development of small-scale manufacturing.

Planning the socio - economic development of local government units is one of the most important prerequisites for the rational management of a commune. Setting a vision of the future and organising activities undertaken by local authorities is one of the basic tasks of local government. It is hard to think about the development of a commune, or improving its inhabitants level of life, when there are no clearly defined directions for development (Kłodzinski M., 2006). Figure 2 shows the main directions for development of surveyed communes in the opinion of the local authorities.



N = 137 communes (the person responding could choose more than one answer)

Source: own research

Fig. 2. **Directions of development of the surveyed communes (in %)**

Empirical research conducted shows that more than 2/3 of the respondents indicated that the direction of development of their commune was to develop micro-enterprises. In the second place, development of entrepreneurship by obtaining the European Union funds was mentioned. Over 40% of the communes sought to improve their position in relation to other communes. The creation of technology parks and formation of business incubators were included in one commune development strategy out of ten.

The development of communes as well as districts or regions, is subject to various factors, among which are: financial, human, social, physical, and cultural factors. Table 1 presents the opinions of representatives of local authorities regarding the factors affecting the development of the surveyed communes.

Table 1

**Factors affecting the development of a particular commune in the opinion of the local government authorities (in %)**

| Importance*           | Financial factor |      | Human factor (people's skills and qualifications) |      | Social factor (activity level of the local communities) |      | Physical factor (machinery, tools, raw materials, materials) |      | Cultural factor (cultural heritage) |      |
|-----------------------|------------------|------|---------------------------------------------------|------|---------------------------------------------------------|------|--------------------------------------------------------------|------|-------------------------------------|------|
|                       | N = 137          | %    | N = 137                                           | %    | N = 137                                                 | %    | N = 137                                                      | %    | N = 137                             | %    |
| Definitely irrelevant | 3                | 2.2  | 6                                                 | 4.4  | 7                                                       | 5.1  | 19                                                           | 13.9 | 40                                  | 29.2 |
| Rather irrelevant     | 3                | 2.2  | 14                                                | 10.2 | 31                                                      | 22.6 | 23                                                           | 16.8 | 34                                  | 24.8 |
| Rather important      | 7                | 5.1  | 70                                                | 51.1 | 61                                                      | 44.5 | 89                                                           | 65   | 59                                  | 43   |
| Definitely important  | 124              | 90.5 | 47                                                | 34.3 | 38                                                      | 27.7 | 6                                                            | 4.4  | 4                                   | 2.9  |

\*The respondent could choose more than one answer

Source: own research

The vast majority indicated that funding was the most important factor in the development of their commune. Only six commune representatives saw the financial factor as irrelevant. More than 85% of respondents considered people's skills and qualifications as an important factor. The social factor came in the third place with more than 2/3 of respondents considering it as important or very important. In contrast, the cultural factor was indicated by three-quarters of respondents as irrelevant in the development of the commune.

## Conclusions

The following conclusions can be formulated on the basis of empirical research:

1. The main objectives to be implemented by the local authorities in the surveyed communes were: improving social and technical infrastructure, attracting outside investors as well as initiating and supporting local entrepreneurship.
2. Local authorities associated their commune's direction of development with the development of small and medium-sized enterprises, while activities focused on assistance in the creation of business incubators were not an important direction of development for the surveyed communes. Supporting opening new small and medium-sized enterprises in the examined districts gives an opportunity to improve the living conditions of the local communities. This will contribute to, among other things, creating new workplaces and thus decreasing the unemployment in the examined districts.
3. The most important factor affecting the development of the surveyed communes was the financial factor. The self-government authorities considered this factor as the most important one because the other factors which were covered by the study (human, social, physical, and cultural factors) depend on financial resources to a great extent.

According to the author, the fundamental tasks carried out by local authorities should include constant monitoring of the changes both in a district and in its external environment to make the best use of the chances and to reduce the risks to the minimum.

In summary, it should be stated that the local economy must be supported and analysed, taking into account the specific local conditions. In their commune development strategy local authorities should make effective use of the overall local potential and indicate activities aimed at implementing the primary objectives at a given time. At the same time they should foresee possible alternative actions in the event of obstacles in the implementation of primary activities (Bonczyk-Kucharczyk E., Herbst K., Chmura K., 1998).

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