



WIĘCZYŚLAW JASTRZĘBSKI

WSEI University, Poland

ORCID iD: orcid.org/0000-0002-1236-7470

PAWEŁ POCHODYŁA

WSEI University, Poland

ORCID iD: orcid.org/0000-0001-5751-7076

MARTA BOJARUNIEC

WSGE University of Applied Sciences
in Józefów, Poland

ORCID iD: orcid.org/0000-0003-1562-1320

JUSTYNA SOKOŁOWSKA-WOŹNIAK

Nowy Sącz Business School - National
Louis University, Poland

ORCID iD: orcid.org/0000-0001-6287-1328

EWA GOLEC

WSEI University, Poland

ORCID iD: orcid.org/0009-0009-5910-7893

LOCAL DEVELOPMENT AND ENTREPRENEURSHIP: LEGAL, ECONOMIC AND MANAGERIAL DETERMINANTS. A MULTIDISCIPLINARY APPROACH

ROZWÓJ LOKALNY A PRZEDSIĘBIORCZOŚĆ: UWARUNKOWANIA PRAWNE, EKONOMICZNE I ZARZĄDCZE. UJĘCIE MULTIDYCYPLINARNE

ABSTRACT

Entrepreneurship is defined as a process in which not only business is a participant, but also local governments and social organizations (more broadly, the public and social sectors). In the management process, entrepreneurship is manifested, for example, by choosing the right strategy, creating flexible structures, promoting innovation, avoiding excessive administration and choosing the right forms of control. In relation to local government units, entrepreneurship relates primarily to initiatives aimed at improving the provision of public services and developing the economic and social potential of local communities. In the entire non-commercial sector (which local governments also belong to), entrepreneurship is equated with taking non-routine activities, e.g. tax or introducing social and organizational innovations. In this process, the role of leaders, activists, and charismatic leaders who are able to convince to non-standard actions is emphasized.

STRESZCZENIE

Współcześnie przedsiębiorczość definiowana jest jako proces, którego uczestnikiem jest nie tylko biznes, ale także samorządy i organizacje społeczne (szerzej sektor publiczny i społeczny). W procesie zarządzania przedsiębiorczość przejawia się np. przez wybór odpowiedniej strategii, tworzenie elastycznych struktur, promowanie innowacyjności, unikanie przerostu administracji oraz wybór właściwych form kontroli. W odniesieniu do jednostek samorządu terytorialnego przedsiębiorczość dotyczy przede wszystkim inicjatyw mających na celu poprawę świadczenia usług publicznych oraz rozwój potencjału ekonomiczno – społecznego społeczności lokalnych. W całym sektorze niekomercyjnym (do którego samorządy także się zaliczają) przedsiębiorczość utożsamiana jest z podejmowaniem nierutynowych działań np. podatkowych czy wprowadzeniem innowacji społecznych i organizacyjnych. Podkreśla się w tym procesie rolę liderów, działaczy, przywódców obdarzonych charyzmą, którzy potrafią przekonać do niestandardowego działania.

KEYWORDS: *municipal management, local and regional development, local government law, own tasks of local authorities, administrative law, local development modeling*

SŁOWA KLUCZOWE: *zarządzanie gminą, rozwój lokalny i regionalny, prawo samorządu terytorialnego, zadania własne JST, prawo administracyjne, modelowanie rozwoju lokalnego*

INTRODUCTION

Investment attractiveness is a complex concept, covering many factors important both from the point of view of planned investments and economic activities, including supporting local development through the development of entrepreneurship. The investment attractiveness of a commune is most often understood as the ability to attract an investor by offering a combination of location benefits that can be achieved in the course of running a business. They result from the specific features of the area (LGU's) in which business activity is developed (Godlewska-Majkowska 2012). These benefits are referred to as location factors, and the investment attractiveness of a given commune is therefore determined by a set of location factors (including local tax policy in the form of the adopted tax strategy). The areas that offer the optimal combination of location factors are attractive for investments, as they allow the reduction of investment outlays and current operating costs of companies, thus facilitating the maximization of profits and reducing the risk of investment failure (Legutko-Kobus 2016).

Investment attractiveness itself is a complex concept and includes many factors important from the point of view of potential investments and conducted economic activities. The perception of a commune in terms of investment attractiveness depends on the investor himself, who analyzes a number of conditions occurring in a given area, significant from his point of view, and the potential benefits of invested capital. With reference to the above considerations, investment attractiveness can be defined, for example, as the ability to induce an entrepreneur to invest on the basis of location benefits that can be achieved in the process of running a business. In context, the following three concepts need to be considered (Godlewska-Majkowska 2011):

- competition – the phenomenon of municipalities applying for investments and capital in order to develop the socio-economic development of the community,
- competitiveness – the commune's ability to participate in competition (ability to compete);
- attractiveness – the commune's ability to be perceived as competitive (e.g. for potential investors) (Raszkowski 2011).

Investment attractiveness is often mistaken as a synonym for competitiveness. Competitiveness should be understood as the ability to compete with other administrative units. Thus, it may happen that competitive communes are not at all attractive to all investors, and communes that are highly attractive (many entities invested in them) do not have to have the highest competitiveness indicators. Hence, there are many definitions of investment attractiveness in the literature. The concept of the commune's potential investment attractiveness can also be understood as (Artyukhova, Tiutiunyk, Bogacki, Wołowiec, Dluhopolskyi, Kovalenko 2022):

- a set of various forms of advantage and shortcomings of the investment site,
- value in use of the commune as a place where the company is located, which consists of hard and soft factors,
- the combination of location benefits that can be achieved in the course of conducting business and resulting from the specific characteristics of the area in which the activity takes place; these benefits are classically referred to as location factors.

Thus, investment attractiveness is a set of conditions conducive to investment in your area. It is usually assessed in relation to other similar government territorial units. The main factors differentiating the attractiveness of communes are: transport accessibility, labour market features, distance to outlets, the structure of the local economy, institutional support from the commune authorities and the quality of technical and social infrastructure. Improving the investment attractiveness therefore consists in reducing costs, risk and barriers in running a business. Thus, competition between communes may take place in various areas of their activity. In the past, competition was essentially between entrepreneurs. For them, competitiveness means the ability to maintain and expand outlets. Nowadays, territorial systems such as states, regions, cities and communes have also come into competition (Wołowiec, Marczuk 2023). They compete for capital, especially innovative capital, which brings about significant multiplier effects. Assigning local authorities activities in the economic sphere gives rise to a surprising analogy to state intervention in the economy: as a state of permanent advantage that an entity gains thanks

to its location in a given place and as a process of subjective competition on the part of public authorities (Lecka, Gudowski, Wołowiec 2022).

The spatial concentration of enterprises affects the investment climate of an area (region) by shaping its individual components. Firstly, thanks to the activities of companies, labour resources are developed, and human capital is strengthened as a result of local employee mobility. Secondly, the greater the entrepreneurship, the more receptive the local market. This relation is particularly visible in the case of industries focused on servicing enterprises. Finally, entrepreneurship shapes the number and scope of activities of business environment institutions included in the economic infrastructure. Locally high entrepreneurship attracts the business service sector, which strengthens entrepreneurship and allows you to attract external investors. High entrepreneurship can also stimulate an increase in the standard of living of the inhabitants (Działek 2011).

REASERCH METHODOLOGY

The research methods used in the work are: comparative analysis, functional analysis, questionnaire, interviews with municipal managers through a direct conversation with the respondent, a dynamic research method and statistical methods of data analysis. The research was conducted using many quantitative and qualitative methods. The synthetic method treats reality as a group of features, its implementation consists in searching for common features of various phenomena and events, and then combining them into a uniform whole. Thus, the synthetic method examines and defines the whole subject of research. Using a comprehensive (hybrid) research approach, the so-called triangulation of data sources was also used, i.e. comparing information on corporate social responsibility from various periods and economic systems, and theoretical triangulation – consisting in analyzing the obtained data from the perspective of many different theoretical concepts describing the functions, purpose and tools of socially responsible business.

EFFECTIVE SUPPORT FOR ENTREPRENEURSHIP BY LGU'S

Effective support for entrepreneurship by LGU's is influenced by: the attitude of the authorities to entrepreneurial activities (including the approach to investors and the way they are serviced), the style of managing the office, consistent implementation of the strategy objectives, the use of participation and co-management tools in creating local policy directions, approach to public procurement (e.g. application of social clauses or green public procurement), tax policy, access to infrastructure and transport accessibility, as well as image – its elements and effectiveness of implementation (Russel, Grycuk 2014). Local governments have many tools to support entrepreneurship, and their various classifications can be found in the literature on the subject (Dropek 2014). The basic division of tools (instruments) to support entrepreneurship that are available to municipalities are: legal and administrative instruments, infrastructure instruments, soft support instruments and financial instruments.

Legal and administrative instruments it is a group of instruments related to the specifics of the commune's operation, including the creation of local law, defining the directions of local development policy and issuing permits and administrative decisions. Planning instruments and instruments related to cooperation (public-public, public-social and public-private partnerships) are of key importance in this group of instruments for stimulating entrepreneurial activities related to heritage. Planning instruments include the preparation of local documents, such as: local spatial development plans, studies of conditions and directions of spatial development, landscape resolution, development strategy, brand strategy, municipal revitalization programs, municipal monument care programs, etc.).

Infrastructural instruments is the so-called hard support for the development of entrepreneurship. These are all the elements that allow you to build competitive advantages (also for heritage industries), including: communication accessibility, public services and modern technologies, especially the Internet. Due to the availability of funds, especially from the EU, these instruments are used very widely. Their popularity is also related to the fact that increasing the attractiveness of the territory is primarily used by residents, influencing their quality of life, and is therefore a key activity resulting from the implementation of the commune's

own tasks. Among the most commonly used, it can be indicated (Wołowiec 2005, Wołowiec 2003, Wołowiec 2003a, Wołowiec 2003b):

- increasing transport accessibility,
- expansion of the municipal network infrastructure influencing the quality of life and the quality of the environment (e.g. environmental protection), sewage and gas networks,
- comprehensive preparation of investment areas,
- extending access to broadband Internet,
- investments in infrastructure increasing the quality of public space, including places increasing the attractiveness of rest and recreation (e.g. various types of parks, often adapted to local attractions of the area),
- investments in tourism and tourism-related infrastructure – trail markings, street furniture accompanying places of rest, information boards on monuments, customs, etc.,
- comprehensive revitalization of some part of the commune along with the development of municipal infrastructure, road infrastructure, modern technologies and the creation of a new public space with a part designated for economic activity, e.g. restaurants, shops with crafts, souvenirs and local products,
- investments in the renovation of social infrastructure facilities and making them available, for example, to folk artists,
- renovation of representative buildings for municipalities (including historic buildings) and allocating them for information (municipal information centers), education or training activities.

Soft support instruments is a large group of instruments, including: promotional and information instruments, organizational support and instruments related to increasing competences through training and counseling. Promotional and information instruments may refer to promoting themselves (LGU's) with reference to the heritage or promoting the heritage of the LGU's. Promotional instruments used by communes to promote themselves include, first of all, building a place brand that may directly relate to heritage, including customs, characteristic objects or facts from history (often communes' advertising slogans refer to their heritage). In this perspective,

through the brand strategies, we pass on our approach to heritage, its importance and role in development processes, to the outside world, including to potential investors (Wołowiec 2003, Wołowiec 2005).

THE CONCEPT OF INVESTMENT ATTRACTIVENESS OF A LGU'S

The investment attractiveness of a commune is most often understood as the ability to attract an investor by offering a combination of location benefits that can be achieved in the course of running a business (Anisiewicz, Ahmed, 2023). They result from the specific features of the area (commune) in which business activity is developed. These benefits are referred to as location factors, and the investment attractiveness of a given commune is therefore determined by a set of location factors (including local tax policy in the form of the adopted tax strategy). The areas that offer the optimal combination of location factors are attractive for investments, as they allow the reduction of investment outlays and current operating costs of companies, thus facilitating the maximization of profits and reducing the risk of investment failure. Investment attractiveness itself is a complex concept and includes many factors important from the point of view of potential investments and conducted economic activities. The perception of a LGU's in terms of investment attractiveness depends on the investor himself, who analyzes a number of conditions occurring in a given area, significant from his point of view, and the potential benefits of invested capital. With reference to the above considerations, investment attractiveness can be defined, for example, as the ability to induce an entrepreneur to invest on the basis of location benefits that can be achieved in the process of running a business. In context, the following three concepts need to be considered:

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Thus, competition between communes may take place in various areas of their activity. In the past, competition was essentially between entrepreneurs. For them, competitiveness means the ability to maintain and expand outlets. Nowadays, territorial systems such as states, regions, cities and communes have also come into competition. They compete for capital, especially innovative capital, which brings about significant multiplier effects. Assigning local authorities activities in the economic sphere gives rise to a surprising analogy to state intervention in the economy. In mature democratic structures, this activity is based not on cyclical-political and short-sighted interference in the economic system, but on strategic, and therefore synergistic and long-term

interaction of the market with the state's complementary activities. Thus, the competitiveness of cities and regions should be understood in two ways (sztando 2000): as a state of permanent advantage that an entity gains thanks to its location in a given place and as a process of subjective competition on the part of public authorities, while competition between territorial authorities can be direct and indirect. The policy of indirect competition of the region should be understood as the existence (or creation) of the conditions of the regional environment for companies operating in it, allowing them to gain a competitive advantage in the elements beyond their control. The indirect competition of the region is expressed and measured by the competitive abilities of the companies located in it (Markowski 2000).

CONCLUSIONS

The commune management process is active and aims to create prospects for the development of these units. Therefore, this process should be based on a strategic approach understood as an orderly set of activities, from the identification and assessment of potential opportunities and threats to the environment and the determination of the strengths and weaknesses of a local government unit (gmina), through the analysis of possible strategic options, their assessment and selection of a strategy for it. details in the form of long-term and short-term (tactical and operational) plans. The result of the strategic planning process is the strategy, which is one of the basic management instruments. The essence of the strategy can be considered through the objective and subjective approach. In terms of the subject, the strategy means a set of principles (criteria) determining the process of making decisions crucial for the development of a commune. In turn, the subject approach to the strategy shows it as a coherent set of solutions (resulting from the application of subjective principles) that define the nature of actions undertaken by local authorities now and in the future. The set of decisions of an objective nature consists of decisions concerning the vision, key problems, directions, goals and the control system of the undertaken activities. As a concept of local development, the strategy fulfills many important functions (Wołowiec 2020):

- enables more effective management of local human and capital resources,
- indicates the weaknesses of the commune and identifies threats to local development,
- provides a stable direction for the development of a local government unit, independent in its fundamental assumptions from the political option of the changing local authorities,
- is a source of information about socio-economic processes in a given area,
- increases the commune's chances of obtaining additional support funds from external sources.

At the same time, a well-prepared, clear and accepted development strategy serves the function of cohesion, mitigating conflicts and harmonizing the activities of various groups of local and regional communities. The development strategy is primarily the basic document of the development policy of local government units, which defines, among others: the target development vision, strategic and operational development goals, strategic tasks and the manner of their implementation. As part of the strategy, several basic elements can be distinguished, i.e. mission, strategic goals and operational goals. Mission is a key element of any development strategy. The mission is a declaration addressed to the local and regional community and to external entities, as an incentive to cooperate, exist or invest in a given area. It is to inform about the development aspirations of a local government unit, i.e. to present its future vision. In the literature on the subject, you can find several examples of meaningful missions concerning, above all, the basic unit of local government:

1. The commune's mission is to use the commune's resources and potential on the basis of sustainable development, in order to raise the standard of living of the inhabitants and effective management.
2. The mission of the commune is to provide people with jobs and income allowing for the necessary standard of living for the society.
3. The commune's mission is to use the commune's development potential to create conditions for the development of entrepreneurship and to constantly improve the living conditions of its inhabitants.

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