

PRACE NAUKOWE

Uniwersytetu Ekonomicznego we Wrocławiu

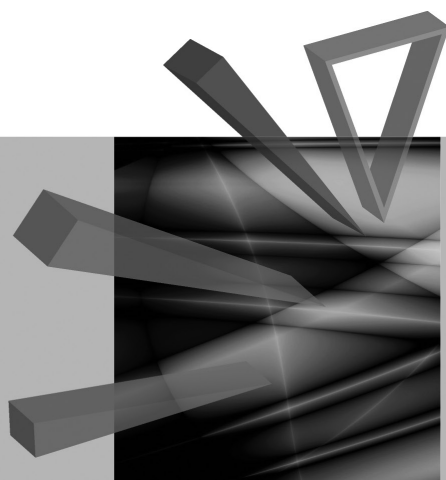
RESEARCH PAPERS

of Wrocław University of Economics

283

Local Economy in Theory and Practice

Local Development Governance Aspects



edited by

Ryszard Brol

Andrzej Sztando



Publishing House of Wrocław University of Economics
Wrocław 2013

Copy-editing: Elżbieta Macauley, Tim Macauley, Marcin Orszulak

Layout: Barbara Łopusiewicz

Proof-reading: Barbara Łopusiewicz

Typesetting: Adam Dębski

Cover design: Beata Dębska

This publication is available at www.ibuk.pl, www.ebscohost.com,
and in The Central and Eastern European Online Library www.ceeol.com
as well as in the annotated bibliography of economic issues of BazEkon
http://kangur.uek.krakow.pl/bazy_ae/bazekon/nowy/index.php

Information on submitting and reviewing papers is available
on the Publishing House's website
www.wydawnictwo.ue.wroc.pl

All rights reserved. No part of this book may be reproduced in any form
or in any means without the prior written permission of the Publisher

© Copyright by Wrocław University of Economics
Wrocław 2013

ISSN 1899-3192

ISBN 978-83-7695-333-5

The original version: printed

Printing: Printing House TOTEM

Contents

Introduction.....	7
Anna Mempel-Śnieżyk: Local actors and local development. The case of Poland	9
Małgorzata Rogowska: Local development in times of crisis.....	17
Dariusz Cichoń: Environmental aspects of residential property management in Poland	24
Alicja Sekuła: Does the source matter? Generation of investment expenditure by different types of local government revenue	32
Magdalena Łyszkiewicz: Control over local government in England.....	44
Sławomir Kłowski: Determinants of organisational changes in municipal property management in Poland.....	52
Justyna Danielewicz, Maciej Turała: Scope and forms of cooperation in Polish local government.....	60
Lech Jańczuk: The public health care system reform as a barrier to local and regional development in Poland.....	73
Joanna Cymerman: Polish system of property taxes – property appraisal....	82
Iwona Maria Ładysz: Management of financial security of the city of Wrocław	90
Grygorii Monastyrskiy: A rationale for a territorial-administrative reform in Ukraine in development terms	97
Zbigniew Piepiora: The occurrence of natural disasters in South East Asia and the international cooperation in the field of preventing their negative consequences	106
Michał Flieger: Specific forms of entrepreneurship support by Polish local government – research results	121
Dominika Cyrek, Justyna Weltrowska-Jęch: Aerotropolis – the city of the future	130
Marcin Feltynowski: The level of implementation of the informational function of spacial planning documents using GIS. The Polish example ..	139
Tomasz Holecki, Joanna Woźniak-Holecka: The cooperation of Polish local government and non-governmental organizations in the area of health promotion.....	148

Streszczenia

Anna Mempel-Śnieżyk: Lokalni aktorzy i rozwój lokalny. Przykład Polski	16
Małgorzata Rogowska: Rozwój lokalny w czasach kryzysu	23

Dariusz Cichoń: Środowiskowe aspekty gospodarowania nieruchomościami mieszkaniowymi w Polsce	31
Alicja Sekuła: Czy rodzaj źródła jest istotny? Generowanie wydatków inwestycyjnych przez różne typy dochodów jednostek samorządu terytorialnego	43
Magdalena Łyszkiewicz: Kontrola działalności władz lokalnych w Anglii ..	51
Sławomir Kłosowski: Determinanty zmian organizacyjnych w zarządzaniu nieruchomościami komunalnymi w Polsce	60
Justyna Danielewicz, Maciej Turała: Zakres i formy współpracy jednostek samorządu terytorialnego w Polsce	72
Lech Jańczuk: Reforma systemu opieki zdrowotnej jako bariera dla rozwoju lokalnego i regionalnego w Polsce.....	81
Joanna Cymerman: Polski system opłat od nieruchomości – problematyka wyceny	89
Iwona Maria Ładysz: Zarządzanie finansowym bezpieczeństwem miasta Wrocławia.....	96
Grygorii Monastyrski: Rozwój jako przesłanka administracyjno-terytorialnej reformy Ukrainy.....	105
Zbigniew Piepiora: Występowanie katastrof naturalnych w Azji Południowo-Wschodniej i międzynarodowa współpraca w zakresie zapobiegania ich negatywnym konsekwencjom	120
Michał Flieger: Specyficzne formy wspierania przedsiębiorczości przez polskie gminy – wyniki badań	129
Dominika Cyrek, Justyna Weltrowska-Jęch: Aerotropolis – miasto przyszłości	137
Marcin Feltynowski: Poziom realizacji funkcji informacyjnej dokumentów z zakresu planowania przestrzennego przy użyciu systemów informacji przestrzennej. Studium przypadku Polski.....	147
Tomasz Holeccki, Joanna Woźniak-Holeccka: Współpraca polskiego samorządu lokalnego i organizacji pozarządowych w zakresie promocji zdrowia.....	155

Michał Flieger

Adam Mickiewicz University in Poznań

SPECIFIC FORMS OF ENTREPRENEURSHIP SUPPORT BY POLISH LOCAL GOVERNMENT – RESEARCH RESULTS

Summary: With the removal of national borders, it is easier for capital to move and relocate in different parts of the world. Thus the competition between local authorities is starting to become more and more fierce. In this article, the point is made that to enhance development it is necessary to turn to specific forms of entrepreneur support. Traditional financial instruments are important too, but they are used by most local authorities and thus they are no longer the base of a competitive advantage. Research results have shown that the most important specific instruments are professional information management and creating industrial parks.

Keywords: entrepreneurship, entrepreneurship support, support instruments.

1. Introduction

Local development is a subject which attracts more and more attention in the contemporary world. Local authorities face challenges which have never been faced before. This results from fierce competition, on the one hand, and the growing requirements of local inhabitants on the other. Thus, supporting entrepreneurship locally has become one of the most vital topics lately. However, it must be said that the biggest impact is set on traditional instruments, which means financial and non-financial actions that authorities may take to enhance development. These are connected with local taxes, fees, selling land for investment, etc.

The problem is that such traditional ways of development support are becoming quite common and are no longer enough to compete effectively [Nowakowski (ed.) 2008, p. 242]. When an instrument becomes an obvious one it is no longer a competitive advantage, because every local office uses it. Thus, the aim of this article is to draw attention towards specific forms of entrepreneurship support which are often undervalued and so neglected by local government [Pieczykolan 2005, p. 61].

In the article, the main specific instruments have been listed and described. Also, the research among 35 companies of various branches has been conducted in order to

evaluate the importance of these instruments from a business point of view. It seems crucial for local government to know what instruments are especially attractive for companies because financial resources are limited and authorities usually have to decide which instruments to choose to be the most effective in local development support.

2. Instruments to create a climate of entrepreneurship support

One of the most important aspects for creating a good climate for investment is the attitude that local authorities have towards investors. However, it is not only what the authorities say in an official way, but how they treat them – somehow instinctively – i.e. if there is a kind of respect for people and companies which create the base for local development [Szymła 2000, p. 39]. Only when such an approach is coherent with the official position can we assume that the cooperation climate will be appropriate.

Another important point is a kind of partnership which the local authority and companies should create for planning and implementing development strategies. It is very positive to involve investors in discussions about the directions in which local governments should develop and what infrastructure they should concentrate on [Szczepanik 2010, p. 247].

What is especially important in creating a climate for development is that local authorities have to realize that their role is to help individuals and companies to develop and be successful. Then, the state infrastructure is considered to be helpful and supportive for business development [Henzel 2007, pp. 185–186]. Such an approach has a direct impact on the positive climate towards investors. Also a professional and helpful administrative support is crucial. If investors have quick and professional information available they make their investment decisions more effectively. It is important to create so-called quick development paths, for example for building permissions. Then the investor feels the positive attitude and may spread this news among other potential investors. Such an approach may make the local office special and different from other offices and so create a competitive advantage.

Another instrument is the attitude the local authorities have towards local services. Some of them may be delivered by private companies by using outsourcing [Majewski 2007, pp. 86–87]. It is not obligatory for local government to use outsourcing this way, but very often it helps local companies to have some revenue and is also considered as a positive approach towards business.

Local authorities spend a lot of money steering cooperating companies through public procurements. Thus they become one of the most important investors locally. The way in which such procurements are made has a big impact on decisions about starting businesses in the area. When investors see that local government often uses this mechanism, they realize that there is a market for their operations, and then they may locate and start their businesses there.

The social policy implemented by local authorities is another factor influencing the investment climate. If it is too liberal, which means money can be obtained by the unemployed quite easily, the influence on the local workers attitude towards entrepreneurship may be negative, because they know that when they lose work, they will have public money to support themselves and their families [Lofland et al. 2009, p. 184].

As mentioned before, financial instruments of entrepreneurship support are considered to be traditional and are not the subject of this article. However, closely connected to them is the stability of regulations in this area, which may influence the climate for investment. Excessive changeability of local taxes, fees, rents and other regulations is always wrong and makes planning and investment difficult. Return on investment, which is one of the crucial ways to evaluate effectiveness, is very difficult to calculate when there is no stability.

The prices of local services may also create the climate for investing. It is not only about the level of prices but also about the way they are calculated [Piotr, Domańska-Szaruga (eds.) 2009, p. 109]. The profit margin should be as high as necessary to finance the local investment required to deliver these services.

The attitude toward innovations is also a factor influencing the investment climate. When local authorities are open to unusual solutions and ideas and flexible in adjusting to companies' requirements, then the companies, especially innovative ones, may be interested in investing in the area [Michalak 2007, p. 25]. Such an attitude is appreciated by investors as they look for understanding and often have problems with the inflexibility of clerks.

One of the most important instruments supporting local investors is infrastructure. Again, infrastructure itself is a traditional instrument. The climate depends on whether the infrastructure is cared for properly and if the access to it is relatively cheap and easy. Even the best infrastructure, when it is expensive and not easy for companies to use, is useless and may have a negative influence on local development.

3. Specific forms of entrepreneurship support

As for specific forms in which local government may encourage investors, they may seem to be unimportant and do not bring immediate results, but this way of thinking is not correct. When local authorities want to act towards development, they have to realize that it is the sum of small steps that build up a competitive advantage. One such action is the coordination of institutions and organizations which play an important role for local development. Here, the local office is a kind of integrator of the virtual organization. The main task is to draw attention towards local problems of a specific area, even if daily they act on a national level. To achieve this, regular meetings with officials and representatives should be held. Also, the institutions should participate in creating local strategies, which makes them involved in local

problems. Moving forward, a special agency or association may be created, where all the institutions may have their representatives.

Another specific instrument of development support is using financial resources from various sources [Duliniec 2007, pp. 151–156]. However, it is crucial to have an investment strategy, because when the money is invested in an unplanned way it may result in wasting it. Then, investors may notice this and they may not be willing to invest in such an area. This means that it is necessary to combine a coherent strategy and the ability to use external funds to finance the investment. Moreover, the costs of investment do not end with its completion, because often they become fixed costs.

Another factor influencing the investment climate is local educational policy. Although the policy is formed on a national level, often it is not appropriate to what is really needed in a given area. In such a case, local schools may work out their own proposals and have them accepted by special organs. Here possible actions may be changing the profile of local schools to meet local requirements. To do that, local authorities must know exactly what the trends are and what the requirements of local business will be in the nearest future. Thus, it is necessary to keep in touch and discuss the problems with local business and also to set up programs that help graduates find work in local companies [Anderson 2008, p. 26]. This will have a very positive effect not only on business but also on the inhabitants, who surely appreciate such activity.

Very often research agencies and science departments of universities operate locally. Although their independence of action is considerable, they may also be connected with local activities. They usually need infrastructure to do research and just operate on a day to day basis, but the local office may need some kind of research, surveys, etc. to make rational decisions. In this way local authorities may use the knowledge for the benefit of local people and business.

When the research and development organizations operate in the new technologies segment, it is even more important for local governments to make every effort to form true bonds between such organizations and local companies [Fudaliński 2002, p. 200]. First, the flow of knowledge makes local companies more competitive. Second, new companies want to join this process and invest locally. Third, research organizations may have profits and funds to develop further. Then, local government may have a vision of the new technologies center, and this seems a very attractive competitive advantage. Moreover, when local authorities keep in touch with such research centers, they know exactly what the trends are so they know who they should turn to, to attract the appropriate kind of businesses, with future prospects. A more advanced step is building technology centers or technological parks, because it requires more money to be invested and the better organization of cooperation mechanisms.

Business incubators are another example of a non-commercial instrument that may be used by local authorities [Kwiatkowska, Skalik (eds.) 2010, p. 59]. Their main aim is to simplify the conditions for the creation and operation of – usually –

small and medium companies. It is normally a place or offices which may be used by firms on special, attractive terms. It is important that along with creating such an area, a management team should be created to deal with all the questions and daily issues that the companies may have.

Industrial parks support investors more than incubators. These are industrial areas, specially created and prepared by local government, for companies which want to invest. They may also be another step of development for companies which started up in incubators.

Today one of the most important resources is information. Thus, one of the specific instruments of entrepreneurship support is the appropriate information management which may help to provide quickly much needed information to companies. It is necessary not only to gather information, but also to select it and store in a form that is useful for companies. Here, the local authority may provide information on what businesses already operate in the area, what products are made, what cooperation exists, what services are provided and which are needed, etc. When such information is available, companies can make their investment decisions more quickly and with a full understanding of local conditions.

Local authorities may also be very active regarding venture capital and PPP investments [Zysnarski 2007, p. 13]. This form of financing may be attractive not only for the local authority, but also for the private partners involved. Local government thus creates demand for private investors by using a kind of outsourcing. Such a policy may be a chance for companies to obtain profitable contracts. Moreover, local government may help companies to get bank financing by creating bank guarantee funds. In that case, banks may allow credit for companies which do not have enough capital.

Local authorities may also organize competitions for best local company, product or brand. This is usually once a year, with the appropriate official celebrations and media publicity [Grandys 2000, p. 181]. The point is that local companies should have a feeling of pride because of the fact that they act locally. This also forms true bonds and may result in the companies reinvesting money in the same place. Sometimes local authorities organize business trips to other countries to form a platform for investors to get to know each other and to exchange ideas.

4. The effectiveness of the climate and specific instruments – research results

To evaluate the effectiveness of the instruments described in this paper, the research was conducted among 35 companies of various sizes and of different branches. The research was a survey, in which companies were asked to evaluate the effectiveness and importance of given instruments using a scale from 1 to 10 (1 – not important, 10 – very important). The research included 12 instruments concerning the

entrepreneurial climate and 10 specific instruments. The results of the first group are shown in Table 1.

Table 1. Importance of instruments influencing the climate for local companies

No.	Instrument	Mark (1–10)
1	Easy access to infrastructure	8.9
2	Quick development paths	8.5
3	Helpful administration	7.8
4	Positive attitude of local authorities	7.6
5	Low local services prices	6.6
6	Knowledgeable clerks	6.5
7	Openness of local authorities towards new ideas	6.3
8	Stability of local regulations	5.8
9	Partnership in planning and implementing local strategies	5.4
10	Correct local procurement process	4.1
11	Outsourcing of local services	3.2
12	Strict social policy	2.7

Source: own elaboration.

Table 2. Importance of specific instruments for local companies

No.	Instrument	Mark (1–10)
1	Professional information management	8.4
2	Industrial parks	6.2
3	Coherent development strategy financed from various sources	5.8
4	Business incubators	5.7
5	Cooperation with research centers and universities	3.4
6	Coordination of supporting organizations	3.2
7	PPP relationship	3.2
8	Best firm/product competition	2.6
9	Flexible educational policy	2.5
10	Business trips	1.7

Source: own elaboration.

The results shown in Table 1 show that for companies the most important is: easy access to local infrastructure (8.9), quick development paths (8.5), helpful administration (7.8) and positive attitude of local authorities (7.6). It is crucial to notice that of the four instruments, three are strictly connected with local administration. This means that the way the local administration works and the way it handles business has a big influence on local development as it creates an investment climate. To operate in such a way requires only the specific organization of the local office and the clerks' training, which can be easily achieved. Knowledgeable clerks are also valued quite highly (6.5), so the potential in the office is really great.

What should be underlined is also the relatively high importance of the appropriate attitude and openness of local authorities towards investors and new ideas. It shows that local leaders need to understand business and development rules, and thus be ready to help in any possible way to attract the investment to the area. Unfortunately, it often happens that this factor is not taken into consideration during elections, and this may slow down the process of local development for a long time.

The results presented in Table 2 show that the level of importance of the instruments is mostly medium and low. However, what must be remembered, is that these instruments are usually a kind of support to the main financial and non-financial entrepreneurship support instruments and they should never be used on their own. Only an appropriate system of instruments will be efficient enough to develop local business quickly.

Among the specific instruments, the most important for companies is professional information management (8.4). Three instruments are considered to be of medium importance: industrial parks (6.2), coherent development strategy financed from various sources (5.8) and business incubators (5.7). This shows that today, investors want first of all information on which they can base their decisions and the infrastructure to operate in. The rest of the instruments is not very important for the researched companies.

5. Conclusions

An entrepreneur friendly climate depends on almost every ongoing decision made by local authorities and very often on small local initiatives. These are usually not expensive ploys to support local business, but they matter to investors. The process of entrepreneurship support is complex and the instruments analyzed in this paper should be complementary to other instruments and form a whole coherent system. Only then is the policy to enhance local development effective and local government may create a competitive advantage over other regions.

It is necessary to note that to implement the instruments one must know what they are, how important they are, and in most cases, just be able to reorganize the local authority's way of working. Having helpful workers in the local office or creating quick procedures for making investment decisions is not connected with a serious financial outlay. Also openness and the attitude of local authorities is not something that belongs to the area of financial investments but just of normal behavior. Very often local authorities decide to support local development with the use of expensive instruments because they think that only such actions may bring results. Such an attitude is wrong because small, inexpensive everyday elements can also play an important role in the process of development.

What was very often expressed by the researched companies was the lack of respect from local authorities towards them. They complained that nobody asks them about anything concerning local development strategies and directions of

local investment. They are not invited to any meetings and even if they are, nobody takes their opinions into consideration. Companies feel that they are important for local development and they want to have the feeling that they are appreciated and valued by local authorities. It is necessary to remember that in these times of many opportunities to move capital into different locations, the efforts to attract investment must be much greater and it is not possible to neglect owners of business any more.

References

- Anderson C., *Długi ogon. Ekonomia przyszłości – każdy konsument ma głos*, Media Rodzina, Poznań 2008.
- Duliniec A., *Finansowanie przedsiębiorstwa*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2007.
- Fudaliński J., *Analizy sektorowe w strategicznym zarządzaniu przedsiębiorstwem*, Antykwa, Kraków 2002.
- Grandys A., *Marketing i technologia informacyjna. O związkach strategii marketingowych*, LODART, Łódź 2000.
- Henzel H., *Decyzje w działalności inwestycyjnej – uwarunkowania, metody, efekty*, Wydawnictwo Akademii Ekonomicznej, Katowice 2007.
- Kwiatkowska A., Skalik J. (eds.), *Firmy odpryskowe jako nośnik przedsiębiorczej odnowy uczelni wyższych*, Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu, Wrocław 2010.
- Lofland J., Snow D., Anderson L., Lofland L., *Analiza układów społecznych*, Wydawnictwo Naukowe SCHOLAR, Warszawa 2009.
- Majewski P., *Czas na e-biznes*, Helion, Gliwice 2007.
- Michalak A., *Finansowanie inwestycji w teorii i praktyce*, Wydawnictwo Naukowe PWN, Warszawa 2007.
- Nowakowski M. (ed.), *Eurobiznes*, Szkoła Główna Handlowa, Warszawa 2008.
- Pieczkiolan R., *Informacja marketingowa*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2005.
- Piotr J., Domańska-Szaruga B. (eds.), *Absorpcja wiedzy od klientów w procesie badania ich satysfakcji*, Wydawnictwo Studio EMKA, Warszawa 2009.
- Szczepanik R., *17 śmiertelnych błędów szefa*, Helion, Gliwice 2010.
- Szymła Z., *Determinanty rozwoju regionalnego*, Zakład Narodowy im. Ossolińskich, Wrocław 2000.
- Zysnarski J., *Partnerstwo publiczno-prywatne w sferze usług komunalnych*, Ośrodek Doradztwa i doskonalenia Kadr, Gdańsk 2007.

SPECYFICZNE FORMY WSPIERANIA PRZEDSIĘBIORCZOŚCI PRZEZ POLSKIE GMINY – WYNIKI BADAŃ

Streszczenie: W związku ze znoszeniem barier dotyczącym przenoszenia kapitału w skali światowej konkurencja pomiędzy gminami nabiera tempa. Nie wystarczy już stosować prostych instrumentów finansowych aby zdobyć przewagę konkurencyjną. Coraz częściej gminy zmuszone są sięgać po instrumenty specyficzne, które do tej pory stanowiły jedynie margines działalności gmin lub nie były stosowane wcale. Wyniki badań pokazały, że do najbardziej cenionych wśród badanych przedsiębiorstw należy zaliczyć takie instrumenty, jak profesjonalne zarządzanie informacjami oraz tworzenie parków przemysłowych.

Słowa kluczowe: przedsiębiorczość, wspieranie przedsiębiorczości, instrumenty wsparcia.