

Abstract

Economic entrepreneurship is fundamental to socio-economic development on all analysed levels (from global to local ones). All forms of social initiatives which lead to the establishment of business entities contribute to the creation of new values, improved satisfaction of the population's needs and increased welfare of the society. The creation and growth of entrepreneurship are important for the whole society – from central and local administration authorities to various social groups.

Each business enterprise functions in a specific physical and social space, and under imposed legal conditions, therefore for these companies to operate efficiently it is advisable that local authorities create conditions that will promote the setting up and running of business entities. Administration on the local level has the instruments with which it can influence positively both existing and potential companies. This is particularly important in such areas as the warmińsko-mazurskie voivodeship, where the entrepreneurship rate is among the lowest in Poland. By activating the local factors of production, companies produce an impact on the local economic space, and through economic connections they stimulate the growth on the regional level.

The scarcity of current empirical studies on determinants of the development of entrepreneurship in municipalities which would take into account opinions of both representatives of companies and local governments encouraged the author to conduct this study, the objective of which was to identify and evaluate the conditions created by municipal authorities which induce the establishment and support the development of business entities.

This research has demonstrated two factors stimulating economic entrepreneurship in the municipalities in the warmińsko-mazurskie voivodeship that achieved the highest ratings among entrepreneurs: the collaboration with local government authorities in a municipality and the municipality's financial standing. Municipal authorities pursue multidirectional policies regarding the development of entrepreneurship. Over 93% of the municipalities have adopted a development strategy that acknowledges the need to support entrepreneurship. Representatives of municipal councils indicated the following forms of support to entrepreneurs: forming unions and associations to coordinate activities on a supra-local level, improving the standards of investor service, improving the infrastructure, launching business incubators and other business environment institutions, entering into cooperation with other entities (senior public administration bodies, central government agencies, other municipalities at home and abroad).

Local authorities consider it important (nearly 80% indications) to create friendly conditions for the development of business. This is manifested in inviting entrepreneurs to participate in meetings of the municipal council or in the organisation of conferences or fairs. A decision which of the instruments available to the local government bodies should be used is made by the officials responsible for the local economic development, who take into account the accessibility of tools and their effectiveness. $\frac{3}{4}$ of both the entrepreneurs and representatives of the municipal authorities who responded to the author's survey were of the opinion that providing efficient service to entrepreneurs in council offices is a very

successful tool that promotes the starting and running of businesses, while about $\frac{1}{3}$ of both groups of respondents pointed to tax reliefs and exemptions. Another effective instrument to stimulate entrepreneurship was claimed to be the improvement of general technical infrastructure in a municipality. The constantly changing environment as well as certain endogenous limitations were identified as barriers to conducting an economic activity. According to the research results, entrepreneurs in the warmiński-mazurskie voivodeship indicated as the source of most significant limitation to their business activity the character of the regional market, especially its size and the incomes earned by the local population, which define their consumer power and thus indirectly influence the size of the market. On the other hand, certain barriers were related to the nature of a business conducted, for example problems with the availability of resources and raw materials, or an inadequate number of co-operators and suppliers. These opinions on the size of the regional market and incomes of local communities as factors limiting entrepreneurship were shared by representatives of the municipal authorities. However, in their opinion, the key barriers to the development of business activity were high labour costs, the tax system, distance to main transportation routes as well as the distribution and condition of elements of the road infrastructure.

Collaboration between local governments and current or potential entrepreneurs who have or are planning to settle their business entities in a given municipality is a significant challenge nowadays. A pro-active approach to entrepreneurs, diagnosing their needs and creating suitable conditions for conducting business activity in a given area, which will engage the endogenous potential and opportunities found in the immediate environment, is bound to generate positive, long-term effects. Such effects are attainable if pro-active efforts are taken based on the mutual understanding of the needs and capabilities of key stakeholders (local governments, entrepreneurs, and the local community).