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THE IMPACT OF REGIONAL EU POLICY ON THE SUBREGION AS AN ENTREPRENEURIAL ECOSYSTEM

Reducing disproportions between the level of development of particular regions and an effort to control the regional development process have become the key challenges of EU regional policy.

From the point of view of local development, which determines conditions for an enterprise's environment and the general social needs satisfied using local resources, it is specifically important to analyse particular subregions.

In this thesis the author makes an attempt at approaching regional development from the point of view of activities undertaken within the scope of regional policies related to selected regional development factors.

The author presents an analysis of selected programme documents as well as their impact on executing development policies. Furthermore, the author presents selected results of research conducted in local government units in the Leszno subregion in the context of pro-development activities undertaken at lower levels of public administration.

Keywords: local government unit, development, competitiveness, subregion

1. INTRODUCTION

The characteristic feature of modern-day development is its spatial diversity. Significant differences may be observed between particular EU regions. It should be noted that the diversity between the NUTS 3 level which in the case of Poland means the level of subregions (number of counties), is higher than between the NUTS 2 level, i.e. the level of provinces. Reducing the disproportion between the development levels of particular regions has become the priority of regional EU policy. The policy specifies that the development pace of the least wealthy regions should not be excessively slow. Policy goals are re-oriented from attempting to

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minimize differences between regions, to instead benefiting from regional diversity using for instance, endogenous resources of development.

The subregion can be analysed as an entrepreneurial ecosystem. According to OECD [7], an entrepreneurial ecosystem is: “a set of interconnected entrepreneurial actors (both potential and existing), entrepreneurial organisations (e.g. firms, venture capitalists, business angels, banks), institutions (universities, public sector agencies, financial bodies) and entrepreneurial processes (e.g. the business birth rate, numbers of high growth firms, levels of ‘blockbuster entrepreneurship’, number of serial entrepreneurs, degree of sell-out mentality within firms and levels of entrepreneurial ambition) which formally and informally coalesce to connect, mediate and govern the performance within the local entrepreneurial environment”.

The aim of this article is to analyse selected records of programme documents, results of empirical research of the public sector as an actor of the entrepreneurial ecosystem and projects executed at the local level in the context of their impact on development and strengthening the competition in the subregion. The analysis and comments do not pertain to their entirety and are not an effort of their assessment. The aim of the considerations is to expand conclusions on how to build the competitiveness of subregions.

2. PROGRAMME PRECONDITIONS OF DEVELOPMENT AND STRENGTHENING THE COMPETITIVENESS OF REGIONS

2.1. Principles of regional EU policy

The principles of the EU policy indicating the direction of the cohesion policy for 2007-2013 have been included in the Lisbon Strategy from 2000 and supplemented in 2001 during the summit in Gothenburg. In 2005, the document which modified the Lisbon Strategy was adopted and its postulates were transferred to the next document: *Community Strategic Guidelines, 2007-2013* [18]. They have indicated the support areas and created frameworks for developing the national strategic reference frameworks as well as operating programmes for 2007-2013 [13]. The basic principles of regional EU policy which carries consequences for member states include: (1) The principle of concentrating funds, efforts and expenses meaning that most funds were provided to the least wealthy regions, the efforts were focused on investments guaranteeing economic growth and at the beginning of each programme period, annual resources were granted to be spent by the end of the second year from their granting. (2) Programming principle. The funds are granted for multi-year national programmes reflecting EU priorities. (3) Partnership principle. Each programme was developed through consultations between European, regional and local institutions. (4) Additionality principle. EU financing

did not replace financing obtained from national funds. The European Commission prepared the level of cost qualification with each EC country, for each expense period [18].

The main aim of the European Cohesion Policy, also called regional policy, was to support activity which would lead to reducing economic and social differences between EC regions. The policy executed the following aims: (1) convergence (cohesion) – supporting development of infrastructure as well as human and economic potential, (2) increasing competitiveness of regions and employment – supporting innovativeness, scientific research, training courses and sustainable development, (3) European territorial cooperation – supporting international projects on the entire territory of the EU. Within the framework of the Convergence Objective, the policy supports activities related to: research and development, innovation and entrepreneurship, information society, environmental protection, tourism, transport, energy, education and health. Maintaining objective 1 in its present form indicated the need to continue the support of activities such as those in 2004-2006. Objective 2: Improvement of regional competitiveness and employment – was a new goal supporting the implementation of the Lisbon Strategy. It signified a substantial change in EU policy, since previously this objective was rather aimed at regional restructuring [22].

In terms of the need to define development goals for the upcoming decade, in 2010 the Europe 2020 Strategy was approved. It determines such priorities as: (1) intelligent growth through developing a knowledge-based economy, (2) competitive eco-friendly economy based on effective use of resources, (3) social inclusion, increasing employment and improvement of social and territorial cohesion. A significant change, compared to the previous documents, is the higher priority of increasing competitiveness and strengthening the knowledge-based economy, also at the expense of increasing differences between EU regions [8]. This means support for all regions regardless of wealth. Another important element consists in strengthening the territorial approach, which means assessing the effect of regional policies already at the level of NUTS 3 [8].

2.2. National and regional policies

Regional economic policy defines the interventional activities of a country at various levels of administration, which aim to correct the spatial allocation created by the market. Regional policy indicates intentional and targeted actions of public authorities that lead to socio-economic development in different areas and support optimal use of regional resources and improve the country's competitiveness. Its components include interregional policy, managed by the government for the purpose of minimizing development differences and increasing cohesion in the regional system, as well as intraregional policy, managed by provincial governments in order to achieve their own development goals [10]. Reasons justifying the carrying

out of regional policy include the (1) effective absorption of EU structural funds, (2) creation of new international and infrastructural links, (3) overcoming growth barriers in problematic areas, (4) maintenance of economic, social and political cohesion within the country, (5) concentration of resources on certain priorities (6) industry policies (agriculture, manufacturing, labour, transport) (7) and the need to strengthen and use the endogenous potential of regions [3].

The first strategic document covering the period of planning between 2007 and 2013 was *The National Development Plan 2007-2013*. It included all activities leading to development within the country, including activities in the field of regional development financed both from EU and national funds. The most important objectives of growth included (1) the increasing competitiveness of regions through science, education and social capital development, research, technology, growth centres and networks established to promote development, (2) the use of the endogenous development potential of regions, (3) the variety of regions through economic specialization, competences, life models, use of unique advantages and conservation of resources, (4) a spatial economy and management of environmental resources, (5) equalizing development opportunities leading to minimizing development variations in a spatial system.

The document defined a significant change in regional development policy in relation to the policy from the years 2004-2006. Instead of strengthening physical capital it pointed to reinforcing growth factors such as human and social capital, technological innovation and organizational and economic specialization [17].

According to guidelines of the European Commission, the name of the National Development Plan was replaced by the National Strategic Reference Framework 2007-2013. At the same time it was decided to create a master strategic document - National Development Strategy 2007-2013 - which was to define the tasks of regional policy in the 2007-2013 financial perspective.

Subsequently, the Act on principles of development policy [14] was passed, constituting the legal basis for regional policy programming during the 2007-2013 period [1].

The National Development Strategy [12] set out six priorities for action: (1) an increase in competitiveness and innovation, among others, through entrepreneurship and the development of information society, (2) the improvement of technical and social infrastructure, (3) an increase in employment by adapting the educational offer to the needs of the labour market and creating favourable conditions for entrepreneurship, (4) building an integrated social community and its safety, among others, by supporting the self-organization of local communities, (5) rural development, (6) regional development and improvement of territorial cohesion.

The most important principles of the regional development policy for 2007-2013 included: (1) subsidiarity principles (regional policy is an aid policy towards local government activities), (2) the principle of equal opportunities for all provinces, (3) the principle of supporting endogenous development of provinces, (4) the principle of initiating long-term development, (5) the principle of coordinating the

instruments of regional policy and other public development policies, (6) the principle of focusing on priority problems of regional development, (7) the principle of effectiveness and the highest quality of regional policy [4]. The spatial focus of regional policy was targeted at poorly developed regions.

The most important document constituting the basis for implementing EU policy was the National Cohesion Strategy for 2007-2013. It contained the priorities and activities of regional policy in the years 2007-2013, constituting the enforcement plan of the National Development Strategy. The strategic goal consisted of building a competitive knowledge-based economy and entrepreneurship from the basics, which were to ensure a continuous increase of employment as well as social, economic and spatial cohesion. The majority of funds supported undertakings within the scope of Objective 1 of the EU cohesion policy: convergence, and was obtained from the European Regional Development Fund, the European Social Fund and the European Cohesion Fund [6]. In the *National Strategy of Regional Development 2010-2020: Regions, Cities, Rural Areas*, a change from the previous model of regional policy was planned, consisting of a departure from the division into interregional and intraregional policies to the benefit of a common policy relating to a given territory, determining the aims for all of its public entities [16]. The previous hierarchy model was replaced with a system of coordinating network connections involving public authorities, local organizations and various partnerships in order to use the funds in a more efficient way and increase the quality of public services [6]. The strategic aim is the effective use of specific regional potentials in order to achieve an increase in the employment and territorial cohesion of a country. The detailed aims include: supporting regional competitiveness, building territorial cohesion and creating conditions for the efficient execution of development activities – effectiveness of regional policy [15]. The strategy also includes provisions such as increasing availability within the regions (area 1.2.1), supporting the significance of subregional towns (area 1.2.2) and supporting the relations of subregional centres with the surrounding area (area 1.3.6) with the goal of creating functional areas in subregions [21].

Due to the ineffectiveness of the existing levelling-out model justifying support for the weakest regions, a clear change is introduced by the new paradigm of regional policy, which focuses on the support of engines of development in the strongest development areas and creating conditions for distributing the effects of development to peripheral areas [9]. According to this model of polarized development and diffusion, the effect of metropolitan areas is expected to expand to areas experiencing a relatively more difficult situation by proper infrastructure and by strengthening the diffusional mechanisms from the more developed side and creating conditions for absorbing these effects on the side of the weaker, surrounding areas, which possess the same resources [2]. The development strategy of a region is a long-term strategic plan of actions leading to its development, in the form of a written document containing procedures for achieving the assumed objectives. It defines the conditions, sets goals and describes methods to achieve

them. It's one of the fundamental tools of regional development policy conducted by regional government.

This strategy is a master document over the medium-term programming of the region, the development and implementation of provincial operational programs and sectorial policies (spatial policy, economic policy, social policy, etc.), which include entering into contracts with the government to implement joint development projects, budgeting provinces and referring to the regional policy of the government and policies of other provinces. The primary benefits of the strategy include, among others, (1) the continuity and sustainability of the regional authorities' activities, regardless of evolving political conditions, (2) the possibility of applying for EU funds for development, (3) planning the region's future in the perspective of several years, (4) building partnering structures which engage inhabitants in the planning of future development, (5) extending the decision-making horizon for investors [3].

The basis for the creation of the provincial development strategy for 2007-2020 was the strategy adopted in 2000. Based on the social and economic diagnosis from 2009, in 2012 an updated strategy of development for the Wielkopolska province was adopted, applicable until 2020. It takes into account the provisions of the following national documents or their drafts: Long-term and Medium-term National Development Strategy, National Strategy of Regional Development and the National Spatial Development Concept 2030. Furthermore, it results from a new management model contained in the document entitled: "Assumptions of Poland's Development Management System" from 2010 as well as the diffusion-absorption model contained therein, providing support for all areas in the scope of their endogenous potentials and problems as well as the mutually positive effect between development centres and their surroundings. According to this model, metropolitan areas should positively impact the environment, which should draw benefits from metropolitan development. The territory is not treated as a space but as a functional system. The following provisions of the strategy have a specific meaning for the development of subregions: increasing cohesion of the road network (operating objective 1.1.), strengthening the poles of growth in the subregions (operating objective 4.2.), support for local centres (operating objective 5.1.).

3. THE IMPACT OF REGIONAL EU POLICY ON SUBREGIONAL DEVELOPMENT IN LIGHT OF EMPIRICAL RESEARCH

3.1. Empirical research on local government units

This section includes a presentation of the author's own research results conducted in the Leszno subregion in the context of the impact of EU policies and

national policies on its development and competitiveness. The research aim was to study the ability to compete with other regions, acquire resources in the form of external funding, create partnerships and cooperation networks, as well as the region's image and limitations related to availability and communication infrastructure. The research was conducted in 2015 on a sample of 8 local government units (towns, municipalities and counties). The thesis includes a presentation of the selected results of qualitative research conducted using the in-depth interview method.

Optimum development of the region requires the support of human and social capital as well as an institutional environment, in order to create interregional cooperation, improve effectiveness and save resources [1]. The most frequently undertaken development projects in the case of the researched local government units in the last three years include: road modernization works, soft projects co-financed by external funding, improving residential services, improving material infrastructure, increasing the qualifications of personnel and improving the cultural and leisure offer to residents. For subsequent years, it was most frequently planned to additionally strengthen the image of the region and support entrepreneurship. The most important factors improving the competitiveness of local government units include: reduction of debt, improvement of communication and ICT infrastructure and support of entrepreneurship development (Fig. 1).

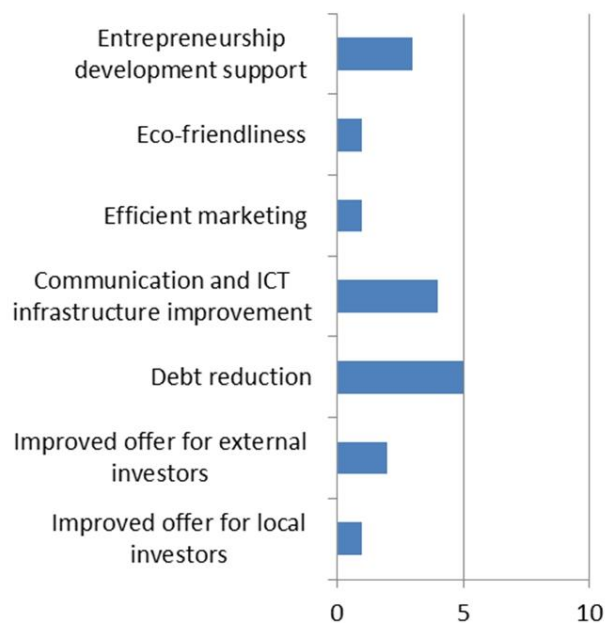


Fig. 1. Factors improving competitiveness

The most important factor limiting development was capital acquisition, which resulted in limited investment potential. Also, support in obtaining external resources was most often indicated as an area of desired external aid. All local government units used external funds: either national or EU funding, or funding obtained from other states. All of them held agreements with other local government units, had social and economic partners in subregions as well as foreign contacts. The most important features of a subregion, which impacted its development, consisted of social capital, human capital and entrepreneurship.

The studied local government units did not notice any limitations resulting from their location, only every other unit indicated limitations related to the telecommunications and transport infrastructure as well as media and market availability. The most important limitations to development in the region consisted of the lack of a support policy for towns, municipalities and counties provided by the provincial government. When it comes to the most important problems of the country's regional policy, the research indicated ineffective methods of acquiring income which did not allow the desired development and financing of investments.

The following part includes a presentation of the project of strengthening the functional area in the Leszno subregion, as a reflection of executing the regional development policy at the local level.

3.2. OFAL Project (*Obszar Funkcjonalny Aglomeracji Leszczyńskiej* – Polish for ‘Functional Area of the Leszno Agglomeration’) as an example of executing regional policies in the subregion

In the weakly developed areas, one of the most significant factors of development consists of strengthening and supplementing infrastructure which should improve functional relations contributing to entrepreneurship and innovativeness [11]. An interesting example in this regard is provided by a project executed in the Leszno subregion entitled: “Partnership of the Functional Area for Strengthening Development as well as Social and Economic Cohesion of the Leszno Agglomeration,” which consists of strengthening the potential of partnerships to undertake integrated activities leading to an improved social and economic situation. The project, worth PLN 2 654 120, is executed in 2014-2016 and is co-financed using EEA grants and national funds. The partners are the town of Leszno including the neighbouring seven municipalities (belonging to three counties: Leszno, Wolsztyn and the city of Leszno with county rights), Leszno County as well as social and economic partners: Regional Chamber of Industry and Commerce, Leszno Business Centre (*Leszczyńskie Centrum Biznesu Sp. z o.o.*), Public College of Professional Education in Leszno, Leszno-Region Tourist Organisation. The functional area covers 1,063 km² which constitutes 17.7% of the subregion area and 3.6% of the Wielkopolska Province area [21].



Fig. 2. Location of the OFAL area

The aim of the project is to strengthen the endogenous development potential of the functional area of Leszno Agglomeration and to create integrated solutions for the most important social and economic problems occurring in the subregion, such as an insufficient communication infrastructure, lack of solutions to revitalize problematic areas as well as the lack of jobs, particularly high-performance and well-paid jobs. As part of the project, numerous social consultations and meetings with residents and external entities were held. The outcome was the strategic documents of the functional area defined within the scope of the partnership: Strategy of the Social and Economic Development of OFAL, Study of Sustainable Development of OFAL Transport, Sustainable Development Strategy with a Development Plan for Investment Zones and Investor Acquisition as well as OFAL Revitalisation Strategy. At a further stage of project execution, planning and technical documents will be developed related to particular investments specified by partners as the key documents for further development of functional relations of the agglomeration. These will include e.g. a detailed construction design for selected county roads on the territory of Leszno County, a detailed design of selected pedestrian and cycling routes on the territory of Leszno County as well as a detailed construction design of pedestrian and cycling routes on the territory of the Przemęt Municipality, a key municipality from the point of view of tourist development of the functional area. The project will simplify the application for external funding for implementing the planned investments in the current financial perspective, contributing to strengthening the development potential of the functional area [20].

4. CONCLUSIONS

Contemporary researchers of regional economy attempt to optimize regional policy using the endogenous concept of regional development. In this context, the internal bottom-up activities of local government units, perceived as entrepreneurial ecosystems within subregions, become specifically important. The strategic guidelines relating to these activities can be found in numerous EU, national and regional documents. However, the analysed programme documents refer to building competitiveness of subregions and creating functional areas only in a general manner.

According to own research, local government units in the subregion compensate for infrastructural shortages (which consume a significant portion of their financial means, increasing debt) while determining the competitive position in the region. This occurs despite the fact that half of the respondents did not notice limitations in the telecommunications and transport infrastructure as well as media and market availability. Attention should be paid to human and social capital as well as the need to support entrepreneurship in order to strengthen the competitiveness of the subregion. Furthermore, functional relations and the creation of subregional partnerships as well as numerous foreign contacts are important. The subregional policy and support of development provided by provincial authorities is negatively assessed, similarly to the national policy on the methods of financing local government units. It should be noted though that the research results shown in the article represent only a fraction of the problem. It seems vital to also conduct quantitative research, the results of which would be representative for the subregion.

The OFAL project is a positive example of executing regional policies at the local level which aims at strengthening the functional relations in the subregion, leading to the better facilitation of internal resources, simplifying the absorption of external funding as well as integrated social and economic problem solving.

An interesting follow-up of this research would be both the analysis of programme documents of particular local government units as well as further empirical studies on the other actors of an entrepreneurial ecosystem such as entrepreneurial organisations and other institutions and entrepreneurial processes in the subregion.

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WPLYW POLITYKI REGIONALNEJ UE NA RZECZ PODREGIONU JAKO EKOSYSTEMU PRZEDSIĘBIORCZEGO

Streszczenie

Zmniejszenie dysproporcji pomiędzy poziomem rozwoju poszczególnych regionów oraz cel kontroli procesu rozwoju regionalnego stały się najważniejszymi wyzwaniami polityki regionalnej UE. Z punktu widzenia rozwoju lokalnego, który określa warunki otoczenia przedsiębiorstwa i ogólne potrzeby społeczne z wykorzystaniem lokalnych zasobów, jest szczególnie ważne, aby analizować poszczególne podregiony. Autorka podejmuje próbę rozwoju regionalnego z punktu widzenia działań podejmowanych w ramach polityki regionalnej w odniesieniu do wybranych czynników rozwoju regionalnego. Autorka przedstawia analizę wybranych dokumentów programowych, a także ich wpływ na realizację polityki rozwoju. Ponadto autorka przedstawia w pracy wybrane wyniki badań przeprowadzonych w jednostkach samorządu terytorialnego w podregionie leszczyńskim w kontekście działań prorozwojowych podejmowanych na niższych szczeblach administracji publicznej.

Słowa kluczowe: jednostka samorządu terytorialnego, rozwój, konkurencyjność, podregion