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Entrepreneurial activities of communes in creation of competitive advantages at regional investment markets: Entrepreneurial organization model

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Abstract:

The objective of this paper is to present entrepreneurial activities of local regions represented by communes (local regions in Poland) that enable to create competitive advantages at regional investment markets resulting in increase of local regions' attractiveness for investors, tourists, and inhabitants. It was decided to perform multilayer research on 50 communes in Poland: electronic audit research of official website portals and Bulletins of Public Information of the communes; surveys with representatives of the communes using a structured questionnaire, mystery client research method, and case study method. 565 entrepreneurial activities of Polish communes were identified within 50 electronic audits performed, 19 mystery client method replies received, 8 surveys filled in by communes' representatives. Identified activities were represented by communes of different type and investment resources. Basing on identified activities an entrepreneurial organization model for local regions was proposed. The model indicates activities possible to implement by local regions of different location, size, administration type, potential investment attractiveness, and investment resources. The originality of this work lies in economically practical character of the research results, which might support local public administration.

Keywords: competitive advantage; competitiveness; local development; local government; public sector reform

JEL codes: H11, O38, R58

1. INTRODUCTION

The objective of the paper is to present entrepreneurial activities of local regions, represented in the study by Polish communes that enable to create competitive advantages at regional investment markets resulting in an increase of local regions' attractiveness for investors, tourists, and inhabitants. Local development studies outline the role of competitive advantages needed for effective competition of territorial units such as local regions. Competitive advantages of local regions enable them to stimulate internal resources and to attract external resources interested in

regional investment market, what is the basic condition of local development process (Osborne & Gaebler, 1992; Pollitt & Bouckaert, 2011).

To present entrepreneurial activities of local regions in the paper, a multilayer research on 50 communes in Poland was performed with usage of both non-reactive and reactive research methods. Methods included electronic audit research of official website portals and Bulletins of Public Information of the communes; surveys with representatives of communes using a structured questionnaire; a mystery client research method, and the case study method.

The first section presents state of the art literature that covers the discourse relating to public sector reform paradigms, transaction cost economics, new institutional economics, and aspects of local regions management deriving from private sector domain. Later, empirical research methodology has been presented, describing the approach toward research sample selection and research performed in Poland in years 2013-2014. Results and Discussion section provides synthesis of research performed presented in form of typology of entrepreneurial activities of local regions with concrete, possibly practical examples. Paper concludes with implications of the study for the economic practice, and indications for further research.

2. LITERATURE REVIEW

2.1. PUBLIC SECTOR REFORM PARADIGMS

Attracting resources by the local regions and impact of new investments on their development is the topic that gained on significance in recent decades due to increasing efforts of local regions in attracting new investors, tourists, and inhabitants to their locations. Scott (1998) argues that contemporary local development requires the existence of a complex coordination and control system consisting of public sector representatives, private entities, non-government bodies, public-private, and public-social partnerships.

Pollitt and Bouckaert (2011) elaborate on contemporary discussed public sector reform paradigms relating to local development, which in terms of competitiveness implies learning from the private sector practice. For example in the new public governance paradigm focus is on the stakeholder, and implementation of private sector operations method in public sector unit is underlined. In the neo-Weberian state paradigm a particular focus is given to lean and modest approach in creation of formal rules and hierarchic organizational culture in order to respond to organization's stakeholders effectively. Networks and joining-up paradigm indicates on the need for participation in networks with other organizations representing various sectors of the economy to be flexible and inclusive in globalising world. The last – governance paradigm indicates that effective decision making process requires inclusion of wide spectrum of organization's stakeholders.

In the 21st century in order to achieve competitive advantages it is essential to be able to adjust to evolving organizational environment quickly, while minimizing organizational losses at the same time. This argument, made by Doz and Kosonen (2008), relates to private sector entities, and inspired questions whether

and how the local regions governed by public sector units can achieve competitive advantages while competing for investors, tourists, and inhabitants that will bring financial, and non-financial resources to the communes.

2.2. IMPLICATIONS OF TRANSACTION COST ECONOMICS FOR LOCAL REGIONS

In the context of economics, local regions attracting new development resources such as external investors can be analysed within the transaction costs theory, also known as transaction costs economics, which is a modern economics school that had been developed, among others, by Williamson (1979, 1981), Klein, Crawford and Alchian (1978). Within the transaction costs economics transaction costs are costs incurred in making economic exchange. They usually increase the total costs of transactions. Transaction costs within this theory include costs of search and information, which relate to determination of availability, costs of goods and services looked for; costs of negotiations of the contract, which relate to establishing acceptable agreement by exchange parties; and costs of contract enforcement, which relate to securing fulfilment of the terms of the contract by transaction parties. Considering the competition for development resources between local regions the theory has particular implications for new market entrance and search for new investment location by the investors.

Availability of information about costs of goods and services looked for by the parties of economic transaction is impacted by asymmetry, and imperfect nature of information for both sides of the transaction. Such information disequilibrium impacts costs, time needed to finalize a transaction, and general attractiveness of the exchange. They might be equalized by an intermediary - local government - using traditional and modern information policy tools to communicate with external stakeholders, and to provide information looked for. Level of transaction costs of economic entities in the local region depend on information management and approach toward public communication of local region administration. Subject-matter literature indicates Internet as the main mean of communication of local region administration with local region stakeholders, because of its global reach, interactivity enabling two way communication and dialogue, low costs of usage, and speed (Piotrowski *et al.*, 2009). Therefore entrepreneurial activities of local regions related to management of information need to be classified as one of the basic factors impacting creation of their competitive advantages.

2.3. IMPLICATIONS OF NEW INSTITUTIONAL ECONOMICS FOR LOCAL REGIONS

New institutional economics is a school that indicates the role of policy making process, public sector institutions, legal, and cultural system on economic development. North defines institutions in economics context as formal rules (including constitutions, laws, and property rights), but also informal constraints impacting economic exchange, such as sanctions, customs, traditions, or cultural taboos (North, 1991). New institutional economics extends the perspective of economics

on institutions enumerated by North, and underlines that economic activity is impacted by institutions existing prior to circumstances and context of parties interested in economic exchange. It also opens a research ground for comparative institutional analysis focused on comparison on defined institutional aspects impacting potential transactions to formulate concrete recommendations for economy improvement (Coase, 1960). In differentiation to classic economics, new institutional economics provide additional spectrum explaining transactions related to decision making process.

In new institutional economics, the entities taking up decisions not always take only the rational, or effectiveness-related criteria into account. New institutional economics complements transaction costs economics, and explains that if the costs of access to information exceed the costs of economic entity operations, the economic activity can be stopped or ended. In that context new institutional economics examine the role of institutions in nurturing or preventing economic growth.

In this paper, the institutions are intentionally narrowed down to domain of local region administration, including local policy making process, local legal and tax system, and public sector institutions per se, including its official website portals, which in the era of information are the first sources of information looked for by local region stakeholders.

2.4. COMPETITIVE ADVANTAGE AT REGIONAL INVESTMENT MARKET

Contemporary literature on local development points out the role of competitive advantages in creation of competitive advantage at regional investments market. Inflow of development resources is considered as the basic conditions of new investments, which initiate and contribute to local development process. Development resources enabling new investments in local regions include: investors, tourists, inhabitants, and financial and non-financial capital they bring with them to local regions (Olszewska, 2001). These resources create the supply side of the regional investment market, whereas the demand side is created by local regions creating advantages of a place in context of attracting investors, tourists and inhabitants (Godlewska-Majkowska *et al.*, 2013). In such regional investment markets, local regions develop and demonstrate competition ability that is a long term ability to be able to match and outperform other regions (Olczyk, 2008). Modern public sector reform paradigms - such as new public governance paradigm, neo-Weberian state paradigm, networks and joining-up paradigm, or governance paradigm – outline the process of learning from private sector by the public administration, including the administration of local regions in context of their competition (Pollitt & Bouckaert, 2011).

Contemporary activities aimed at attracting investors, tourists, and inhabitants by local regions are additionally stimulated by preparation and publication of rankings benchmarking local regions toward their attractiveness for business activity, quality of life, or other measures. Griffinger *et al.* (2010, p. 310) in the discourse of publication of rankings referring to local regions represented by cities argues that

“(...) it is highly recommended that cities should learn from cities that are relatively similar in their strengths and weaknesses.” Rankings benchmarking local regions that are prepared and published in academic environment include “European Competitiveness Index” by University of Cardiff, „Europas attraktivstes Metropolen fur Manger” by University of Mannheim, or “EU Regional Competitiveness Index” prepared by Joint Research Institute affiliated with the European Commission. Rankings benchmarking local regions that are prepared by business environment, which conduct the research with investments focus, include “The Atlas of Regional Competitiveness” prepared by Eurochambers, “European Cities & Regions of the Future” by fDi Intelligence, “Hot Spots” by Economist Intelligence, “How the world views its cities” by Anholt City Brands, and “Canada’s most sustainable Cities” issued by Corporate Knights – Canadian magazine for responsible business (Godlewska-Majkowska *et al.*, 2013). Common quality of rankings prepared by both academic and business environment differs in research methods used and result in different position of the same local region in different rankings. Although the empirical approach is far from consistent, rankings stimulate competitiveness at regional investment market, and might provide inspiration for redesigning the approach of local regions (Giffinger *et al.*, 2010).

2.5. ENTREPRENEURIAL ORGANIZATION IN THE PUBLIC SECTOR

The concept of entrepreneurial organization in public sector has emerged in the middle of 20th century. One of its definitions has been proposed by Harbison, who calls entrepreneurial organization “an organization which comprises all of the people required to perform entrepreneurial functions (...) The functions of modern entrepreneurial organization, whether it be privately or publicly owned, may be categorized as follows: (1) the undertaking or managing of risk and the handling of economic uncertainty; (2) planning and innovation; (3) co-ordination, administration and control; and (4) routine supervision” (Harbison, 1956: 365). The author suggests that entrepreneurial activity of local region administration focused on local development process exceeds its role and responsibility clearly defined by the legal domain. It is argued that local regions that undertake additional activities which are in line with legal regulations, but require additional, effort, and/or resources can widen the offer of local region toward its stakeholders, create competitive advantage needed to attract new resources for local development.

In defining the role of institutions of local region administration in context of attracting new development resources, it is proposed to take from J. Schumpeter, who defined entrepreneurial activity as showing initiative, searching and implementing solutions perceived as new, unconventional, or risky when compared to general solutions functioning in the reference group (Schumpeter, 1934). The objective of taking up entrepreneurial activities by the local region administration is to achieve competitive advantage over other local regions; to become a more attractive place for investments, visits and accommodation. Entrepreneurial activities of the local region should be referred to the sphere of local administration activities, not the local region itself, which as an abstract term, cannot be personified.

The most important competitive advantages of local region for their stakeholders relate to (1) costs of setting up and conducting economic activity, (2) advantages of economy of scale (access to additional markets, and investment locations), and (3) advantages of economy of scope (access to goods, and services, and possibility of satisfaction of differentiated demand of many market participants). These are the classic, competitive advantages in the position school of strategy, and resources and competences school of strategy in the theory of organization that, because of competitive positions of local regions, can be related to them (Obłój, 2007; Porter, 1998).

In relation to public sector reform paradigm, implications of transaction cost economics, and new institutional economics for the purpose of this study it was decided to search in local region activities for entrepreneurial activities of the following nature: (1) management of information and knowledge, (2) creation and promotion of investment, tourism and residential product, (3) stimulation of local entrepreneurship, and (4) support of cooperation and creation of network organizations resulting in emergence of competitive advantages at regional investment market. Based on these measures a synthesis of researched entrepreneurial activities can form a model, which as a hypothetic, phenomena-simplifying construct can provide practical arguments on improving competitive position by local regions of different location, size, administration type, potential investment attractiveness, and investment resources.

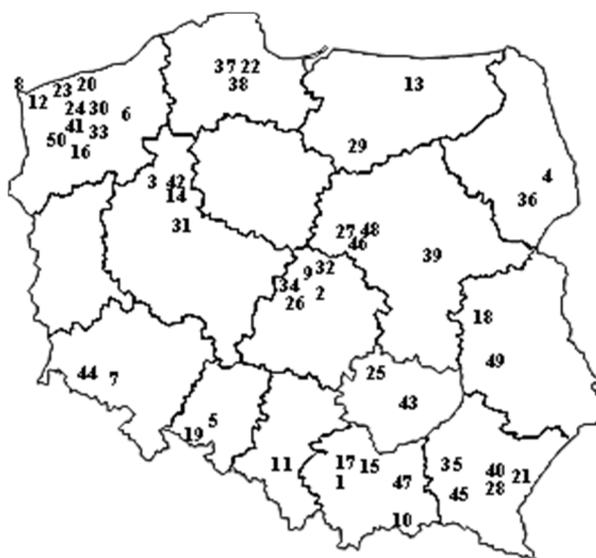
This study examines whether and how local regions, based on examples of Polish communes, demonstrate the activities identified within public sector reform paradigms, attract development resources, and create own, unique competitive advantages. It is examined how in context of conclusions of transaction cost economics new institutional economics, and competition at regional investment markets local regions respond to market failures, and inefficiencies relating to its imperfect self-regulation mechanisms.

3. MATERIAL AND METHODS

During the research the focus was given to local regions, which are NUTS V level classification territorial units within the system of spatial hierarchy in European Union. Local regions are the smallest territorial units in spatial hierarchy of the European Union. In Poland they are represented by communes (in Polish – “gminy”), in Austria by “Gemeinden”, in Denmark by “sogne”, in Portugal by “freugesias”, whereas in Italy by “comuni”. By regional investment market are understood NUTS II level classification territorial units, which are called basic regions (in Polish – “województwa” translated as voivodeships)¹. In case of Poland, there are 2479 local regions located within 16 regional investment markets.

¹ System of spatial hierarchy in European Union (in French - Nomenclatures des Unites Territoriales Statistique) enumerates the following types of territorial units: (1) macroregions – (NUTS I level), which are the biggest units of territorial division, (2) mezzoregions – (NUTS II level), which are also called basic regions, in case of Poland the mezzoregions are voivodeships (16 major administrative territorial units), (3) submezzoregions – (NUTS III

It was decided to perform a multilayer selection of the research sample to identify local regions demonstrating entrepreneurial activities. Therefore to narrow down the population of 2479 local regions in Poland it was decided that two additional conditions were needed to be demonstrated by a local region to be included in the sample. Each local region selected to the sample needed to cooperate and create networks with their stakeholders; and also create and promote its investment product, defined as location, and its advantages ready for inflow of investors looking for greenfield or brownfield investment possibilities. To perform above mentioned selection two external, central government databases registering local region



1. Krakow	11. Katowice	21. Medyka	31. Ujscie	41. Ploty
2. Strykow	12. Wolin	22. Pszczolki	32. Zychlin	42. Wysoka
3. Pila	13. Olsztyn	23. Kamien Pomorski	33. Golczewo	43. Lagow
4. Bialystok	14. Budzyn	24. Gryfice	34. Krosniewice	44. Przemkow
5. Rybnik	15. Szczurowa	25. Konskie	35. Debica	45. Jaslo
6. Wegorzyno	16. Nowogard	26. Karnice	36. Turosn Koscielna	46. Slubice
7. Polkowice	17. Drwinia	27. Ilow	37. Trabki Wielkie	47. Moszczenica
8. Swinoujscie	18. Ryki	28. Przemysl	38. Zblewo	48. Bodzanow
9. Kutno	19. Jastrzebie-Zdroj	29. Dzialdowo	39. Dabrowka	49. Belzyce
10. Krynica-Zdroj	20. Koszalin	30. Brzezno	40. Orly	50. Przybiernow

Figure 1. Research sample of Polish local regions in their regional investment markets selected for the study

level), which are also called subregions, (4) microregions – (NUTS IV level), and (5) locoregions – (NUTS V level), which are called local regions, their example in case of Poland are communes. Within the system units of higher rank include the units of lower rank. For example mezzoregion (NUTS II) includes several submezzoregions (NUTS III), (Pilewicz, 2013).

Source: own elaboration based on research sample selection criteria.

activities in Poland were used: National Information System of Monitoring and Financial Control of Structural Funds and Cohesion Funds (NIS SIMIK) 2007-2013. NIS SIMIK registers all local regions undertaking investment projects with external funds of European Funds, including partnership investments in particular. Within the NIS SIMIK database it was looked for local regions that as of 30th of June 2013 had the status of being beneficiary of investment project delivered in form of local regions partnerships or local regions associations. At this stage 166 local regions fulfilling this criteria were identified. Next it was decided to investigate which of those 166 local regions demonstrate activities related to creation and promotion of its investment product. For selection of such local regions the database of Polish Information and Foreign Investment Agency was used. The database is of national character, and gathers non-clustered information on all available investment products of Polish local regions to promote them among potential investors, including international investors, as the database is led in English. Out of 166 local regions identified using first selection criterion, there were 50 local regions informing about at least one investment product as for 27th of August 2013. Final research sample included 50 local regions fulfilling 2 indicated sample selection conditions. Geographic distribution, and names of local regions in the sample are presented below (Figure 1).

In relation to the administration type of local regions within the research sample there were 18 rural, 18 urban-rural, and 16 urban local regions. Considering the number of inhabitants, 30 local regions were of small size (up to 20 000 inhabitants), 14 local regions were of medium size (above 20 000 up to 100 000 inhabitants), and 6 local regions represented a large size category (above 100 000 inhabitants). In terms of potential investment attractiveness measured by potential investment attractiveness indicator prepared by College of Business Administration at Warsaw Scholl of Economics, 20 local regions were of high, 21 of medium, and 9 of low potential investment attractiveness. Details of the local regions in the sample had been presented in the below (Table 1).

A set of reactive and non-reactive research methods and techniques had been used. In relation to researching entrepreneurial activities of local regions I assumed that in the second decade of 21st century, the basic, comprehensive and trustworthy source of complex information for local region stakeholders is the official website of the local region, together with online Bulletin of Public Information, which existence for each local region is required in Poland by law. Thus the electronic audit method basing on structured questionnaire for each official website of local region in the sample was applied (structured questionnaire consisted of 20 questions). Content available at official websites of the communes was analysed, including archives of sections dedicated to commune current news for the period of 12 consecutive months prior to the day of the electronic audit.

Table 1. Name, size, functional type, and potential investment attractiveness category of local regions within the research sample

No.	Name of local region	Size of local region as per Local Data Bank of Polish Central Statistical Office	Functional type of local region as per TERYT typology	Potential investment attractiveness class from A (for the highest) to F (for the lowest)*
1	Krakow	big	urban	A
2	Strykow	small	urban-rural	B
3	Pila	medium	urban	A
4	Bialystok	big	urban	A
5	Rybnik	big	urban	A
6	Wegorzyno	small	urban-rural	E
7	Swinoujscie	medium	urban	A
8	Katowice	big	urban	A
9	Kutno	medium	urban	A
10	Wolin	small	urban-rural	C
11	Olsztyn	big	urban	A
12	Polkowice	medium	urban-rural	A
13	Krynica-Zdroj	small	urban-rural	A
14	Nowogard	medium	urban-rural	A
15	Jastrzebie-Zdroj	medium	urban	A
16	Kamien Pomorski	small	urban-rural	B
17	Budzyn	small	rural	C
18	Szczurowa	small	rural	E
19	Ryki	medium	urban-rural	C
20	Koszalin	big	urban	A
21	Gryfice	medium	urban-rural	C
22	Drwinia	small	rural	E
23	Medyka	small	rural	C
24	Przemysl	medium	urban	A
25	Pszczolki	small	rural	C
26	Konskie	medium	urban-rural	C
27	Karnice	small	rural	E
28	Zychlin	small	urban-rural	D
29	Ilow	small	rural	E
30	Dzialdowo	medium	urban	A
31	Brzezno	small	rural	D
32	Ujscie	small	urban-rural	C
33	Golczewo	small	urban-rural	D
34	Debica	medium	urban	A
35	Turosn Koscielna	small	rural	D
36	Trabki Wielkie	small	rural	D
37	Zblewo	small	rural	D
38	Dabrowka	small	rural	D
39	Ploty	small	urban-rural	D
40	Krosniewice	small	urban-rural	C
41	Wysoka	small	urban-rural	D
42	Lagow	small	rural	E
43	Przemkow	small	urban-rural	B
44	Jaslo	medium	urban	A
45	Orly	small	rural	C
46	Slubice	small	rural	E
47	Bodzanow	small	rural	E
48	Belzyce	medium	urban-rural	C
49	Moszczenica	small	rural	D
50	Przybiernow	small	rural	E

* Indicator constructed by Collegium of Business Administration at Warsaw School of Economics
Source: Own elaboration based on research sample selection criteria, Local Data Bank of Polish Central Statistical Office for 31st of December 2012, and data of Collegium of Business Administration at Warsaw School of Economics. for 31st of December 2011.

Within the study mystery client method was also used in form of sending electronic communication to the local region public administration from the position of potential investor interested in setting up economic activity, asking specific questions and expecting support (electronic correspondence regarding investment offer, investment incentives available, factors distinguishing local region among other of similar size in regional investment market, and possibility of direct meeting). Response time, and quality of the answers received were measured.

Another reactive research method was a survey questionnaire, sent to official representatives of local regions (questionnaire consisting of 8 open questions)².

Timeline of research performed refers to the following stages: (1) electronic audit research of official website portals of communes and their Bulletins of Public Information – 7th of October 2013 – 3rd of November 2013, (2) mystery client method research – 1st of September 2014 – 15th of September 2014, (3) survey with representatives of local regions using structured questionnaire – 25th of August 2014 – 3rd of November 2014. Within electronic audit research all official websites of 50 local regions were analysed. In mystery client method research 19 letters of potential investor were replied³. In survey with representatives of local regions 8 surveys were filled in by local administration representatives.

The research objective is to explore, classify and present entrepreneurial activities of local regions that might result in creation of competitive advantages at regional investment market of the following nature: (1) management of information and knowledge; (2) creation and promotion of investment, tourism, and residential product; (3) stimulation of local entrepreneurship, and (4) support of cooperation and creation of network organizations. It is planned to identify both cost-efficient and cost-intensive entrepreneurial activities and present them in the manner reflecting the costs absorption.

4. RESEARCH FINDINGS

As a result of the research on sample of 50 Polish local regions following examples of entrepreneurial activities have been identified: (1) 145 examples of entrepreneurial activities related to informing about investment and development possibilities; (2) 122 examples of entrepreneurial activities related to creation and promotion of local investment, tourism and residential product; (3) 173 examples of entrepreneurial activities related to stimulation of local entrepreneurship; (4) 125 examples of entrepreneurial activities related to support of cooperation and creation of network organizations.

Detailed analysis of identified activities led to creation of entrepreneurial activities catalogues classifying activities possible from cost-effective to cost-inten-

² Filled surveys were received from Białystok, Katowice, Krakow, Kutno, Olsztyn, Pila, Rybnik, and Strykow.

³ Replies in mystery client research method were sent by Białystok, Bodzanow, Debica, Działdowo, Kamien Pomorski, Koszalin, Krakow, Krosniewice, Lagow, Pila, Przemyśl, Przybiernow, Pszczollik, Rybnik, Strykow, Szczurowa, Ujście, Zblewo, and Zychlin.

sive ones, which altogether create a model of entrepreneurial organization at regional investment market.

4.1. ENTREPRENEURIAL ACTIVITIES RELATED TO MANAGEMENT OF INFORMATION AND KNOWLEDGE

Entrepreneurial activities focused on management of information and knowledge aim at equalizing the asymmetry of information looked for by local regions stakeholders that impact transaction costs of the exchange at regional investment market, and therefore impact attractiveness of local regions. Within this study the following frequently demonstrated activities of management of information and knowledge by local regions have been identified:

- regular publication of information relevant for stakeholders of local region in official website of the local region, including information on events and initiatives taking place outside the location of the local region, but possibly relevant for the stakeholders, as in case of vocational trainings, or investment project's financing initiatives. Examples of local regions with more than 500 communicates published within 12 consecutive months at their official websites: Swinoujście, Jastrzebie Zdroj, Krakow, Polkowice, Kamień Pomorski, Nowogard;
- providing information to the stakeholders of the communes in reply to electronic correspondence sent by them in possibly time-effective, and content-wise manner. Examples of local regions, which replied to electronic correspondence of potential investor in less than 5 working days, and were included content asked for: Krakow, Strykow, Zblewo, Białystok;
- providing electronic geographic information system (GIS) supporting decisions related to new investments, tourism, or residential activity on official website of the local region. Examples of local regions providing GIS services for their stakeholders: Rybnik (“Rybnik Geographical Information System”), Krakow (“The Observatory”);
- communication of local development plan or local development strategy through the official website of the local region (for example by locating electronic version of the document in official website of the local region). Examples of local regions sharing their development plans or strategies with their stakeholders via their official websites: Krakow (Development Strategy of Krakow), Przemysl (Strategy of Success of City of Przemysl), Krynica–Zdroj (Strategy of Promotion of Krynica-Zdroj);
- organization of initiatives supporting self-development of local region stakeholders, including usage of knowledge sourcing tools available in local region, for example by organization of information meetings on how to use resources (including knowledge sources) made available by the local region. Example of local region organizing such initiatives – Krakow;

- organization of direct information meetings with potential investors in reply to their need for information related to potential investments, for example by initiation of direct meetings in reply to electronic correspondence sent by potential investor. Examples of local regions engaging external stakeholders in that approach – Bialystok Pila, Strykow, Zblewo, Kamien Pomorski. Kamien Pomorski provided distinguished example on how to build and nurture the relationships with potential investors. Although the local region did not have any investment land at the time of mystery client research, local administration proposed a direct meeting in order to learn the investor's needs better, and to possibly propose an investment product in neighbouring location.

4.2. ENTREPRENEURIAL ACTIVITIES RELATED TO CREATION AND PROMOTION OF INVESTMENT, TOURISM AND RESIDENTIAL PRODUCT

Activities related to creation and promotion of investment, tourism, and residential product at local regions derive from private sector practice. In context of local region its basic good offered to its stakeholders is the location, which perceived qualities, and usefulness can be actively shaped by the local administration. Number of regularly demonstrated activities related to creation and promotion of investment, tourism and residential product were identified. The catalogue of activities identified included:

- identification and inventory of information on existing or future local investment, tourism, and residential product, and communicating it via official website of the local region. Example of local region actively identifying, inventorying, and communicating their investment, tourism, and residential products for different type of stakeholders: Katowice, Pila;
- providing information to stakeholders of local region in reply to electronic correspondence relating to investment, tourism and residential product, including attachment of promotion materials and local contact data. Examples of local regions providing tailored investment offers in reply to electronic communication sent: Krakow, Bialystok, Strykow, Pila;
- promotion of local region investment, tourism, and residential offer by dedicated place in official website of the local region, for example by dedicated sections. Examples of local regions demonstrating this activity: Grudziadz, Krynica-Zdroj, Katowice, Krakow;
- promotion of local region investment, tourism, and residential offer through electronic profile of the local region in electronic social media, including popular at the time of research electronic social media Facebook, Youtube or Twitter. Examples of communes using social media for promotion of their investment, tourism, and residential products: Swionoujscie, Nowogard, Olsztyn, Pila, Rybnik, Szczurowa, Zychlin, Strykow;

- creation of individual local region promotion and stakeholder engagement products such as electronic post card, which local region stakeholders can send from the official website of the local region, virtual walks presenting the view of the location from perspective of location visitors from the level of official website of the local region, or own mobile applications engaging into discovery of local region created by the local region. Examples of local regions creating own local region promotion and stakeholder engagement products: Wegorzyno (electronic post card), Koszalin (virtual walk), Bialystok (mobile application);
- promotion of the local region by professional public relations activity, including public relations dedicated section in the official website of the local region. Example – Strykow;
- participation of local administration in national and international events promoting territorial units investment offers. Examples of local regions actively exhibiting their investment, tourism, and residential offer within such event – Swinoujscie, Katowice, Konskie, Rybnik;
- promotion activities using big format advertisements (such as billboards in promotion of tourism products). Example of local region promoting their offer through billboards – Rybnik;
- activities focused on creation and promotion of the brand of local region, and the brand promise. Examples of local regions creating, and promoting their brand and brand promise – Kutno (brand “City of roses”). Pila (brand “Here visions assume concrete shape”), Rybnik (brand “Rybnik – city with spawn”), Bialystok (brand “Rising Bialystok”), and Krakow (brand “Magic Krakow”);
- activities related to direct promotion adjusted to needs and expectations of local region stakeholders by creation of dedicated local region promotion unit within the local public administration structures. Example: Kutno, and activity related to delivery of bunches of fresh roses to women entrepreneurs by Kutno promotion unit representatives at the occasion of International Women’s Day.

4.3. ENTREPRENEURIAL ACTIVITIES RELATED TO STIMULATION OF LOCAL ENTREPRENEURSHIP

Activities related to stimulation of local entrepreneurship by local region administration exceed their responsibilities (as it often is the domain of territorial units of higher rank), however they directly impact economic situation, created tax base, and therefore local development process of the local region. Number of regularly demonstrated activities related to stimulation of local entrepreneurship was identified within the study. Activities identified form the following catalogue:

- promotion of information on job places created by economic entities located in the local region through official website of the local region (for example via dedicated section within the official website of the local region, and being

- a job intermediary by local region between employers and employees additionally to other job intermediation bodies). Example of local region leading local region job portal – Krakow, example of local region informing on local job offers and foreign internships for local students – Polkowice;
- organization of competitions promoting entrepreneurial attitude aiming at stimulation of local economic entities (for example through competitions for the best business plan). Examples of local regions organizing such competitions – Dabrowka, Kamien Pomorski, Golczewo, Medyka, Pszczolki;
 - organization of trainings dedicated to founding, financing and increasing competitiveness of economic activity (often as a reward in competition promoting entrepreneurial attitude). Examples of local regions providing trainings on above subject: Pila, Ryki, Szczurowa;
 - activities relating to creation of local administration incentives for setting up and conducting economic activity – for example in form of creation and publication in official website of the local region a guidance on setting up and conducting economic activity, or provision of new investments advisor within the local region administration unit. Example of local region demonstrating this kind of activity – Krakow.

4.4. ENTREPRENEURIAL ACTIVITIES RELATED TO SUPPORT OF COOPERATION AND CREATION OF NETWORK ORGANIZATIONS

Activities focused on support of cooperation and creation of network organization are essential in one of modern public sector reform paradigms, which is networks and joining up paradigm. According to M. Castells (Pollitt & Bouckaert, 2011) in economy basic on knowledge and times of rapid changes economic entities are able to function effectively if they function as network enterprises, build connections, and participate in networks enabling them to minimize economic risks and maximize their utility. Within the entrepreneurial activities related to support of cooperation and creation of network organizations number of activities were identified within this study. Activities identified include:

- continuous identification of needs and expectations of local region stakeholders in order to react appropriately, for example in form of electronic survey, or pool available for local region stakeholders available in its official website. Example of local region leading continuous survey, or pool on needs and expectations of their stakeholders: Bodzanow, Budzyn, Drwinia, Gryfice, Ilow, Konskie, Koszalin, Kutno, Przemysl, Strykow, Swinoujscie;
- organization of regular, specific-topic-dedicated meetings or by local region administration and stakeholders of specific needs, for example local investors. Examples of local regions organizing regular investors' needs dedicated meetings – Pila, Strykow;

- developing cooperation incl. exchange of knowledge, know-how, and best practices by local administration with local region stakeholders, for example in form of memoranda of understanding or declarations of cooperation with other local regions, economic entities or expert organization. Examples of local region demonstrating such activity: Pszczolki (declaration of educational cooperation with higher education institutions in Gdansk for inhabitants of Pszczolki), Krynica-Zdroj (declaration of educational cooperation with local public library on open foreign languages educational courses for inhabitants of Krynica-Zdroj);
- developing cooperation based on declarations for pursuing common economic goal by local administration and its development stakeholders, for example by applying together with other local regions, or private stakeholders for external funds for investment of common interest. Examples are Trabki Wielkie cooperating with local region Uhlefeld from Germany to increase the know-how of their crisis management authorities both on Polish and German side, or Polkowice cooperating with local region Bischofschofen from Germany to increase the know-how and qualifications of employees from Poland working in Germany.

4.5. ENTREPRENEURIAL ORGANIZATION MODEL OF LOCAL REGION

Findings of this study are of novel character, as identified that studies of similar methodology approach (electronic audit, mystery client method), and research focus (local regions in Poland) had not been performed before. Entrepreneurial activities presented within this section enable to propose original, general entrepreneurial organization model, which might be supportive in diagnosis, planning and implementing of activities related to increasing attractiveness and competitiveness at regional investment market by local regions. The model has been presented below (Figure 2). Sets of detailed activities possible are enlisted together with examples of concrete local regions within detailed sub-sections of this section.

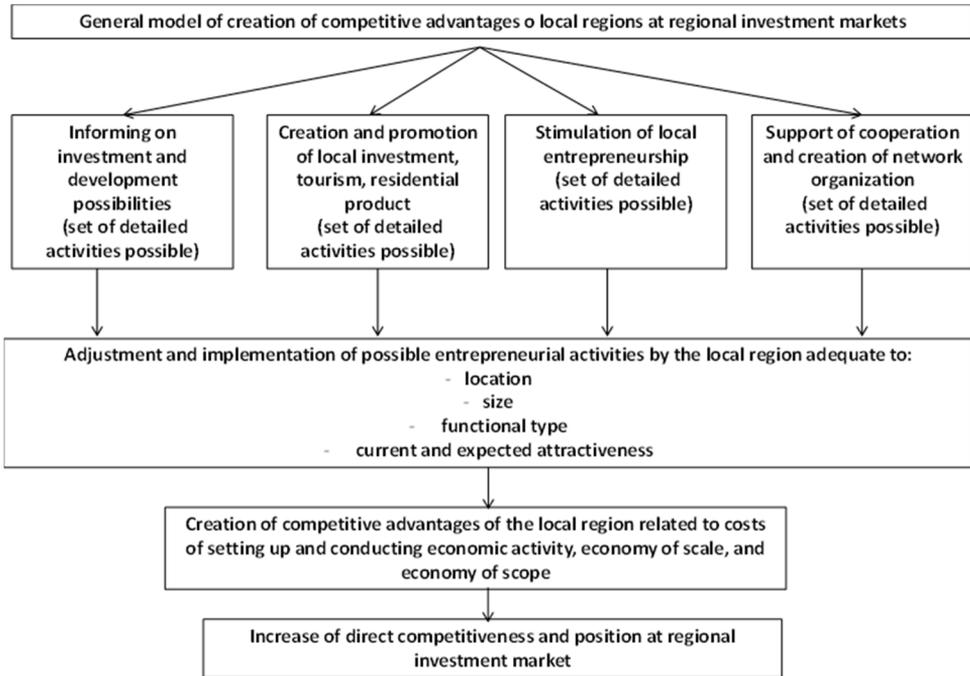


Figure 2. General model of creation of competitive advantages of local region at regional investment market

Source: own study.

5. CONCLUSIONS

Analysed modern public sector reform paradigms, implications of transaction cost economics, and new institutional economy and contemporary literature in competition of local regions at regional investment markets led to conclusion that activities exceeding traditional role and responsibilities of local region public administration are justified. Performed research proved that entrepreneurial activities, defined as additional activities of local regions in line with legal regulations, but requiring additional, internal effort are demonstrated by numerous local regions effectively. Identification of 565 examples of entrepreneurial activities based on the research of 50 Polish local regions (communes), including electronic audit, mystery client, survey, and case study method enabled to classify identified activities and propose typologies related to: (1) informing about investment and development possibilities, (2) creating and promoting local investment, tourism and residential product, (3) stimulating of local entrepreneurship, and (4) support of cooperation and creation of network organizations. Identified entrepreneurial activities impact the costs of setting up and conducting economic activity, take advantage of economy of scale and advantage of economy of scope. In effect they increase perceived attractiveness of local region at regional investment market. Identified activities were undertaken by local regions of different location, size, functional type and potential investment

attractiveness proving that taking up additional activities by local administration is not determined by these factors. It has been observed that size of local region in terms of number of its inhabitants impacts on type of entrepreneurial activities demonstrated. In case of local regions of small size in terms of number of inhabitants the most popular entrepreneurial activities were related to informing about investment and development possibilities and stimulating of local entrepreneurship. In local regions of medium and big size in terms of number of inhabitants the most popular entrepreneurial activities were related to creating and promoting local investment, tourism and residential product support of cooperation and creation of network organization. The latter type of entrepreneurial activities is also more cost-intensive.

Each typology of entrepreneurial activities presented starts from the activities, which are cost-effective and end with the ones, which are cost-intensive, and which implementation might depend on additional resources of local region. The findings present both cost-efficient and cost-intensive entrepreneurial activities, starting from the cost-efficient and ending with cost-efficient one, what complemented the main objective of the research, which was to explore, classify and present entrepreneurial activities of local regions that might result in creation of competitive advantages at regional investment market.

Position school of strategy, and school of resources and competences provides an argument that in context of limited resources and lack of market leader status a local region should not focus on the all entrepreneurial activities possible, but rather concentrate on one or a couple of them to create competitive advantages and differentiate from local region of similar size, functionality type, and potential investment attractiveness at regional investment market. The proposed general model of creation of competitive advantages of local region at regional investment market together with detailed sets of activities possible might support both preparation and execution of strategy, and operations of local region administration aiming to improve their competitive position. Basing on selection of the sample and entrepreneurial activities identified, results of the study might be particularly supportive for the local regions of small and medium size, as majority of them were represented in the study.

Due to the intentionally narrowed in the study types of examined entrepreneurial activities of local regions and major focus on non-reactive research method related to electronic audit of official website portals of local regions, and activities related to management of information, and knowledge further direction of the studies are proposed. In view of exploration of research theme of entrepreneurial activities of local regions require quantitative, and qualitative, in-depth studies focused on their effectiveness on attraction and maintenance over time development resources of local regions such as investors, tourists and inhabitants. It also seems to be justified to study the impact of entrepreneurial activities on potential, and also real investment attractiveness of local regions over time, reflected by new investments, inflow of tourists, and inhabitants, which might supported with official, and comparable statistical data.

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