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## ACTIVITIES OF A MUNICIPALITY IN THE FIELD OF LOCAL ENTREPRENEURSHIP DEVELOPMENT: A CASE STUDY OF THE RZESZÓW FUNCTIONAL URBAN AREA<sup>3</sup>

This article evaluates the actions of local authorities in the municipalities of the Rzeszów Functional Urban Area (Rzeszów FUA) in terms of development of entrepreneurship potential from 2010 to 2021. First, it describes local economic activity and the labor market; it then introduces the synthetic measure that presents the level of entrepreneurship potential in the municipalities of the Rzeszów FUA. The municipalities are then classified into several groups depending on their levels of entrepreneurship potential. Actions pursued by the authorities of individual municipalities in the field of entrepreneurship development are also analyzed. The research demonstrates that the development of entrepreneurship is very intensive; it also identifies disproportions in the development of entrepreneurship between various municipalities.

**Keywords:** Rzeszów Functional Urban Area, entrepreneurship potential, synthetic measure, development strategies, local authority.

### 1. INTRODUCTION

Over the past years, there has been a considerable weakening of the processes of economic, social and cultural development worldwide. Such a slowdown affects the economic activity which is demonstrated by disruptions to financial liquidity and leads to a decrease in production, reduced employment and investment activity, reduction in financial resources of enterprises and the population, and consequently to deterioration of living conditions (Zioło, 2011). This situation leads to lower incomes, threat of unemployment, and limited lending action by the banks, especially with regard to mortgage loans. The economic slowdown and its consequences are evident in all fields of life and

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also affect spatial systems of various scales, including suburbanisation processes (Adamczyk, 2012).

Entrepreneurship is an important factor contributing to the social and economic development of various regions, which improves competitiveness of the regions.

In the economic terms, entrepreneurship is treated as the fourth factor of production, manifested by actions in the area of streamlining and creative use of modern solutions that bring better results from applying other factors of economic development. It plays a crucial part in the effective allocation of existing resources, as well as creation of new, more perfect resources (Sheiko, Kolodii, 2020; Kochmańska, 2007).

Increasingly more often, economic affairs have been the focal point of the strategy implemented on a local and regional scale. Thus it is becoming necessary for the local authorities to take measures to stimulate and develop entrepreneurship. This is why the impact on the local entrepreneurship should be the priority of the local policy of regional development pursued by the local government authorities (Poźniak, 2013).

In the light of these premises, the purpose of this article is to evaluate actions of local authorities in the municipalities of the Rzeszów Functional Urban Area (Rzeszów FUA) in terms of development of entrepreneurship potential.

The goals of the article were achieved in the following stages:

- description of the economic activity and the labour market in the municipalities of Rzeszów FUA;
- determination of the value of the synthetic measure that defines the level of development of entrepreneurship in municipalities of Rzeszów FUA from 2010 to 2021;
- classification of municipalities in Rzeszów FUA into groups with the similar level of performance of the phenomenon being examined;
- evaluation of the policy pursued by authorities of individual municipalities in the field of entrepreneurship.

The analysed area is the Rzeszów Functional Urban Area. It was delimited as part of the work carried out by the Board of the Podkarpackie Voivodship in agreement with the then Ministry of Regional Development. As a result, territorial limits of the functional urban area covering 13 municipalities in the poviats of Rzeszów, Łańcut and Strzyżów were delineated. These municipalities signed the agreement in 2014, and in 2015 became members of the Association of the Rzeszów Functional Urban Area. On 17 December 2021, with the decision of Delegates of the Association, two more municipalities became members of the Rzeszów Functional Urban Area, namely Błażowa and Hyżne<sup>4</sup>. At present, Rzeszów FUA consists of the City of Rzeszów as its core and 14 municipalities (Statute of the Rzeszów FUA Association of 17 December 2021). Given the analysed time-frame (2010-2021) the municipalities which became members of the Rzeszów FUA in December 2021 are not considered in the research. The analysed municipalities which are members of the Rzeszów FUA are shown in Figure 1.

The research was also based on the quantitative and qualitative evaluation, and the Local Data Bank of the Central Statistical Office was the main source of data.

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<sup>4</sup> Statute of the Rzeszów FUA Association of 17 December 2021. Access on the internet: <https://rof.org.pl/dokumenty-rof/>

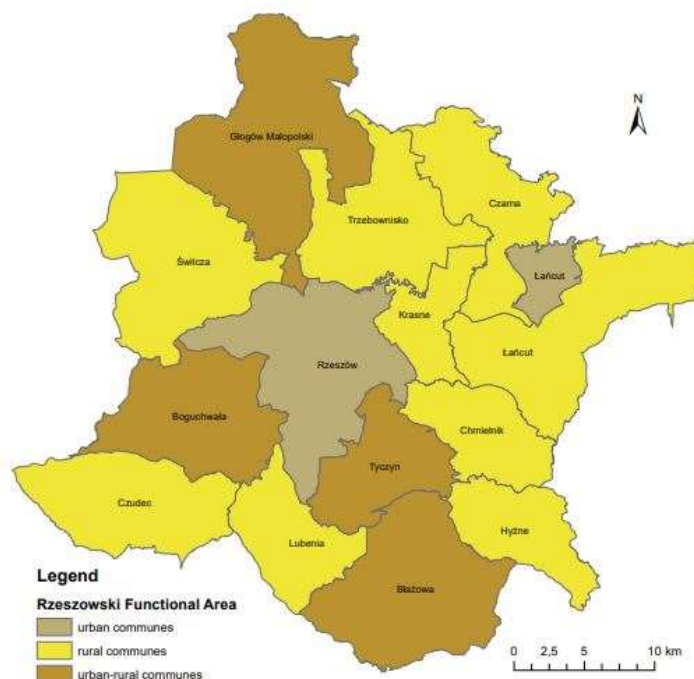


Figure 1. Municipalities of the Rzeszów Functional Urban Area

Source: own study.

## 2. ECONOMIC ACTIVITY AND LABOUR MARKET IN THE AREA OF THE RZESZÓW FUNCTIONAL URBAN AREA

Entrepreneurship is an essential factor that hinders unfavourable social and economic processes, such as unemployment, exclusion and marginalization (Barwińska-Małajowicz, Ślusarczyk, 2020).

The establishment and development of various enterprises which carry on economic activities constitutes the institutional dimension of entrepreneurship. Economic entities operating in the municipalities offer employment to residents and provide positive stimuli for the economic development (Musiał-Malago, 2017).

At the end of 2021 there were 49,481 national economy entities registered in the entire Rzeszów FUA (16,203 entities more compared to 2010, i.e. nearly 49% more). The highest increase was recorded in the rural municipality of Trzebownisko (69%). Just as high increase of 50-55% was recorded in Boguchwała, Rzeszów and Chmielnik. The lowest increase in the number of economic entities among Rzeszów FUA municipalities was recorded in Łańcut.

The degree of entrepreneurship development in the municipalities was presented with the entrepreneurship indicator expressed as the number of economic entities registered per 10,000 inhabitants at production age (Kałuża, 2011). This indicator is diversified in the analysed area. In 2021, Rzeszów had the highest entrepreneurship indicator (2773). Out of suburban municipalities which belonged to the Rzeszów FUA, the urban municipality of Łańcut also had a high indicator value (2,342). In other municipalities, the indicator ranged

from 1,200 to 1,700 entities per 10,000 inhabitants at production age. The lowest entrepreneurship indicator on the scale of the entire functional urban area was recorded for the municipality of Lubenia (1,019).

Thus, it can be concluded that the entrepreneurship indicator gradually increased in the Rzeszów FUA over the analysed years. The greatest growth rate for this indicator was recorded in Rzeszów (55.4%), and the municipality of Trzebowńsko (49.2%) and Tyczyn (47.6%). This demonstrates the high potential of such municipalities and the changes in functions performed by these areas. In the remaining municipalities, the indicator ranged from 35% to 48%. The lowest increase in the analysed period, i.e. 17%, was recorded in the municipality of Krasne. The growth rate of changes in the number of entities of the national economy in the REGON register shows an increase in the economic activity of inhabitants living in the Rzeszów functional urban area and their growing entrepreneurship.

In 2021, there were 8,165 companies in the analysed area. Companies accounted for approx. 17% of all entities operating in the Rzeszów FUA. Among companies operating in the Rzeszów FUA, 12.4% were companies with foreign capital. In 2021, besides Rzeszów (6,691), companies were most frequently established in the municipality of Trzebowńsko (349), Głogów Małopolski (233) and the urban municipality of Łańcut (221). The lowest number of companies was registered in the municipality of Lubenia (26). In the remaining municipalities of the Rzeszów FUA the number of companies ranged from 32 in the municipality of Chmielnik to 124 companies in Boguchwała. In the analysed period, the highest increase in the number of companies was recorded in Rzeszów (more than 150%).

Another indicator which demonstrates the economic activity and development of entrepreneurship of the municipality is the level of local entrepreneurship expressed with the number of natural persons who carry on economic activities per 1,000 inhabitants. This indicator demonstrates entrepreneurship of inhabitants, their activity and creativity. In 2021 natural persons who carried on economic activities accounted for 15% of the total population at production age in the Rzeszów FUA. When analysing relations of entrepreneurship of inhabitants compared to their number, in 2021 the most favourable situation was in Rzeszów and Łańcut (respectively 103 and 99 persons per 1,000 inhabitants carried on their own economic activities). A substantial number of people carried on their own economic activities in municipalities of Trzebowńsko, Czarna, Boguchwała, Głogów Małopolski, Tyczyn and Krasne (74 to 86 persons). The lowest indicator was recorded for the municipalities of Świlcza (68), Łańcut (rural municipality) (66), Czudec (65), Chmielnik (61) and Lubenia (49 persons per 1,000 inhabitants).

The industry structure of entities of the national economy is quite interesting. Despite the fact that the group of enterprises in the municipalities of the Rzeszów FUA is diverse, there are some dominant operating areas. The most frequent type of activities in the area of the Rzeszów FUA is wholesale and retail, repair of cars and motorcycles. In 2021, approx. 20% of companies operated in this sector. It is a form of services that dominated in each locality of the analysed area. The highest number of economic entities registered in this section was found in Rzeszów, Łańcut and the urban municipality of Trzebowńsko. Services are one of the most dynamic sectors of the economy that adjusts quite quickly to the surrounding changes and responds quickly to new trends by adopting technological innovations and new knowledge (Kuciński, 2010). Nearly 14% of entities registered in the Rzeszów FUA fell into M section that accounted for professional scientific and technical activities, while more than 11% of the total number of entities carried on activities in the construction industry. These sectors were followed by industrial processing, information

and communication, transport and warehouse management. Entities registered in other sections of the Polish Classification of Economic Activities in 2021 accounted for 34%.

SMEs account for the vast majority of economic entities entered into the REGON system and operating in the Rzeszów FUA municipalities. An SME is defined as an economic entity employing up to 250 employees. SMEs are regularly mentioned as the main driving force of the economic growth and a sign of healthy competition in the economy. A balanced development of this sector is essential for the social and economic development of any state, since a group of SMEs creates the most workplaces in the market, is innovative and involved, and this often leads to development of new, advanced technologies. The SME sector has been growing and has been prosperous in Poland; it is one of the key sectors that stimulate the development of the Polish economy and its processes (Nesterowicz, 2020). Table 1 presents the structure of enterprises by size in Rzeszów FUA municipalities.

Table 1. The structure of enterprises by size in Rzeszów FUA municipalities in 2021

Municipality in Rzeszów FUA (RFUA)	0–9		10–49		50–249		SME Sector		More than 250	
	Nr*	%	Nr*	%	Nr*	%	Nr*	%	Nr*	%
Boguchwała	1947	97,5	44	2,2	4	0,2	1995	99,9	2	0,10
Chmielnik	514	96,4	16	3,0	3	0,6	533	100,0	0	0,00
Czarna	1059	97,1	30	2,7	2	0,2	1091	100,0	0	0,0
Czudec	889	96,6	27	2,9	4	0,4	920	100,0	0	0,00
Głogów Młp.	1874	96,0	53	2,7	22	1,1	1949	99,85	3	0,15
Krasne	1253	97,1	32	2,5	4	0,3	1289	99,92	1	0,08
Lubenia	384	95,8	16	4,0	1	0,2	401	100,0	0	0,00
Łańcut**	2279	96,2	67	2,8	23	1,0	2369	99,96	1	0,04
Łańcut	1631	97,3	39	2,3	6	0,4	1676	99,94	1	0,06
Świlcza	1315	96,6	40	2,9	6	0,4	1361	100,0	0	0,00
Trzebownisko	2218	96,1	72	3,1	13	0,6	2303	99,83	4	0,17
Tyczyn	1060	96,4	33	3,0	7	0,6	1100	100,0	0	0,00
Rzeszów	31426	96,7	802	2,5	206	0,6	4134	99,85	48	0,15
<b>RFUA</b>	<b>47 849</b>	<b>96,7</b>	<b>1271</b>	<b>2,6</b>	<b>301</b>	<b>0,6</b>	<b>49 421</b>	<b>99,88</b>	<b>60</b>	<b>0,12</b>

Nr\* Number of employees

\*\* Urban municipality

Source: own work based on data from the Central Statistical Office and the Local Data Bank.

The data in Table 1 show that the smallest entities, including micro-companies which employ up to 9 employees, account for the majority of enterprises. They account for 95.8% (Lubenia) to 97.5% (Boguchwała) of all enterprises. Small enterprises that employ from 10 to 49 persons account for 2.2% (Boguchwała) to 4% (Lubenia) of all economic entities operating in municipalities of the Rzeszów FUA. The share of medium-sized enterprises ranges from 0.2% (Boguchwała, Czarna, Lubenia) to 1.1% (Głogów Małopolski). Individual large enterprises are located in selected municipalities of the Rzeszów FUA. Most of them operate in the Rzeszów area. This means that the SME sector accounts basically for 100% of all economic entities operating in the Rzeszów Functional Urban Area. A 'good' entrepreneurship climate in a region is a factor that stimulates the

population to be active in launching new projects that contribute to the improvement in the living standard and conditions for the entire local community.

The size and structure of the labour market is a major determinant of the economic development as it conditions local entrepreneurship and contributes to investment attractiveness of the spatial unit for third parties. Key parameters of the labour market include the employment size and unemployment scale.

The unemployment occurs when demand for the workforce is lower than supply. Rzeszów is the centre that offers the most jobs in the Rzeszów FUA. In 2021, it accounted for approx. 71% of all employed. In three municipalities of Trzebownisko, Łańcut (urban municipality) and Głogów Małopolski, the employed accounted for 5 to 8% of all employed in the Rzeszów FUA. The remaining municipalities accounted for less than 2% of the employed.

From 2010 to 2021 the number of the employed in Rzeszów FUA municipalities increased by 24,302 persons. In 2021, there were 346 employed per each 1,000 persons in the Rzeszów FUA. Compared to 2010, the number of the employed per 1,000 inhabitants increased by 40 persons (i.e. 13%) and fell in the range from 43 to 471.

Based on the analyses conducted, the highest number of the employed compared to the number of inhabitants was in Rzeszów. The municipalities of Trzebownisko and Łańcut (urban municipality) had equally strong developing labour market with respectively 445 and 401 of the employed per 1,000 inhabitants. The municipality of Głogów Małopolski (348) also stood out in terms of this indicator.

When analysing the level of unemployment registered in the Rzeszów FUA from 2010 to 2021 it should be noted that the situation in the labour market improved considerably in all municipalities. At the end of 2021, there were 12,489 unemployed registered in the Rzeszów FUA municipalities, i.e. approx. 29% fewer than in 2010. The drop in the number of the unemployed compared to the base year can be seen in all municipalities of the functional urban area in the analysed area. The largest drop in the number of the unemployed, more than 40%, was recorded for the municipality of Chmielnik (approx. 45%) and urban municipality of Łańcut (42%), while the smallest drop was recorded for the municipality of Krasne (18.3%).

The situation in the labour market is very clearly reflected by the unemployment rate defined as the share of the registered unemployed in the population at the production age (Madras-Kobus, Rogowski, 2013). In 2021, the lowest rate was in the municipalities of Chmielnik, Trzebownisko, Głogów Małopolski and Boguchwała (below 5%). The municipality of Czudec (10.1%) had the highest rate of the unemployed in the population at the production age. Such a high indicator was also recorded in the municipality of Czarna (7.6%). In other municipalities, the share of the registered unemployed in the population at the production age. ranged from 5% in the municipality of Świlcza to 6.4% in the municipality of Łańcut.

Suburbanisation has considerably affected the situation in the labour market in the functional urban area. This intensifying phenomenon and the spontaneous growth of the city generates excessive commute times. A change of the place of domicile does not always involve a change of the place of employment. Inhabitants of municipalities that directly neighbour with the city or who live in its immediate neighbourhood increase the group of the commuting people from outside their place of domicile. This increases the number of daily commutes of multiple inhabitants of municipalities that are close to the city. This proves strong relations between the urban centre and the areas located nearby. There is also

an evident growth in communities from the cities to the suburban zone (Palak 2013; Musiał-Malago', 2015).

### 3. METHODOLOGICAL FOUNDATIONS OF THE TESTS CONDUCTED

In order to assess the potential of entrepreneurship of municipalities in the Rzeszów FUA, a synthetic indicator was developed and calculated on the basis of the linear ordering method, the so-called standardized sums method. The test methodology consisted of the following steps:

- Selection of diagnostic variables – the comparative analysis was based on variables  $X_j$  ( $j = 1, 2, \dots, m$ ) that describe entrepreneurship and the labour market
- Variable standardization – ensures comparability and allows to calculate indices for Rzeszów FUA municipalities being analysed (Zeliaś, 2000).

$$t_{ij} = \frac{x_{ij} - x_{min}}{x_{max} - x_{min}} \quad \text{for the stimulant}$$

$$t_{ij} = \frac{x_{max} - x_{ij}}{x_{max} - x_{min}} \quad \text{for the destimulant}$$

where:  $t_{ij}$  – the standardized value of a  $j$ th variable for the  $i$ th object,  $x_{ij}$  – the value of a  $j$ th variable for the  $i$ th object,  $x_{min}$  – minimum value of variable  $j$ ,  $x_{max}$  – maximum value of variable  $j$ .

Standardization was carried out for “object-periods”, i.e.  $\min_i\{x_{ij}\}$ ,  $\max_i\{x_{ij}\}$ , and  $t_{ij}$  values were identified for all studied years.

- Calculation of the synthetic indicator (standardized sums method)

$$p_i = \sum_{j=1}^m t_{ij} \quad (\text{formula 1})$$

where:  $p_i$  – synthetic measure,  $t_{ij}$  – the standardized value of a  $j$ th variable for the  $i$ th object.

The synthetic measure takes values from the [0,1] range. The higher the general synthetic measure value, the higher the level of entrepreneurship potential development

- Determination of the level class for the development of the entrepreneurship potential in Rzeszów FUA municipalities, according to the following formulas (Nowak, 1990):

Group 1: $p_i \geq \bar{p}_i + S_i$	high level
Group 2: $\bar{p}_i + S_i > p_i \geq \bar{p}_i$	medium-high level
Group 3: $\bar{p}_i > p_i \geq \bar{p}_i - S_i$	medium-low level
Group 4: $p_i < \bar{p}_i - S_i$	low level

where:  $\bar{p}_i$  – the mean value of the synthetic measure,  $S_i$  – standard deviation of the synthetic measure.

#### 4. RESEARCH RESULTS

Based on the analysis of available data from the Central Statistical Office at the level of municipalities, a starting set of variables describing entrepreneurship and labour market was determined for entities in the Rzeszów FUA. The set of diagnostic variables presented in Table 2 was used for the test. Among indicators selected, the share of registered unemployed in the population at the production age was deemed a destimulant, while all other variables were deemed stimulants.

Table 2. Diagnostic variables that describe entrepreneurship and labour market in the Rzeszów FUA

Diagnostic variables	$X_j$	Minimum value		Maximum value	
		2010	2021	2010	2021
Economic entities per 10,000 inhabitants at the production age	$X_1$	723.9	1,018.5	1,784.8	2,772.8
Companies including companies with foreign capital	$X_2$	0.0	0.0	287.0	913.0
Natural persons who carry on economic activities per 1,000 inhabitants	$X_3$	38.0	49.0	8.0	103.0
Employed per 1,000 of the total population	$X_4$	44.0	43.0	449.0	471.0
Share of the registered unemployed in the population at the production age	$X_5$	6.9	4.2	15	10.1

Source: own work based on data from the Central Statistical Office and the Local Data Bank.

In order to ensure comparability of data in the analysed period, the calculations were based on object-periods. Based on the synthetic indicators calculated (formula 1), the municipalities were classified by the level of the analysed phenomenon into four typological groups. Group I includes municipalities with the highest synthetic indicator, while group IV includes entities with the lowest indicator. Groups II and III point to municipalities with low and medium level of development of the entrepreneurship potential.

Table 3 presents the value of calculated synthetic indicator, assigned to the relevant group for municipalities in the Rzeszów Functional Urban Area.

The spatial analysis of the analysed municipalities demonstrated that municipalities in the Rzeszów FUA could be divided into four groups in 2010. Rzeszów definitely ranked the highest in terms of entrepreneurship development. The five lowest rated municipalities in the ranking (class IV) include: Czudec, Lubenia, Czarna, rural municipality of Łańcut and Chmielnik. In 2021 the situation improved. None of Rzeszów FUA municipalities fell into the lowest group. Rzeszów also ranked the highest in terms of the entrepreneurship potential. It was followed by the urban municipality of Łańcut and Trzebowńsko. Group II included four municipalities, i.e. Głogów Małopolski, Krasne, Tyczyn and Boguchwała. Group III was made up of six municipalities, with the lowest indicator assigned to the municipality of Lubenia. The synthetic indicator increased for all the municipalities of the Rzeszów functional urban area from 2010 to 2021.



Table 3. Classification of municipalities in the Rzeszów FUA in 2010 and 2021

Municipality in Rzeszów FUA	value of the synthetic indicator in 2010	group	Municipality in Rzeszów FUA	value of the synthetic indicator in 2021	group
Rzeszów	0,65	I	Rzeszów	0,98	I
Łańcut**	0,48	II	Łańcut**	0,68	
Krasne	0,40		Trzebowńsko	0,59	
Głogów Młp.	0,36	III	Głogów Młp.	0,55	II
Tyczyn	0,30		Krasne	0,49	
Boguchwała	0,29		Tyczyn	0,44	
Trzebowńsko	0,29		Boguchwała	0,42	
Świlcza	0,24		Świlcza	0,37	
Chmielnik	0,19	IV	Czarna	0,37	III
Łańcut*	0,18		Chmielnik	0,36	
Czarna	0,18		Łańcut*	0,33	
Lubenia	0,10		Czudec	0,28	
Czudec	0,07		Lubenia	0,23	

\* Rural municipality.

\*\* Urban municipality.

Source: own work based on data from the Central Statistical Office and the Local Data Bank.

## 5. MUNICIPALITY POLICY ON ENTREPRENEURSHIP SUPPORT

A proper policy of the municipality is essential for the development of entrepreneurship. Entrepreneurship must be properly stimulated with conditions that promote the intention to take up economic activities, and then to foster commencement and carrying on economic activities (Kuciński, 2010). Thus it is necessary to take necessary steps to develop favourable conditions for taking up and carrying on economic activities, as well as actions that promote development of the existing enterprises. It is mostly local government authorities that are responsible for taking such steps (Grzebyk, Pierścieniak, 2021; Płaziak, Rachwał, 2015).

Each Polish municipality has a certain economic potential, with the growing workforce base and smaller or larger group of entrepreneurial people who may utilize the existing potential given favourable circumstances. The use of this potential may result in reversal of unfavourable economic trends in the operating area of the local government unit. It may be said that the local authority should perform a vital role in shaping the economic plane of local development since, in accordance with the idea of local government, it is tasked with controlling the development of local economy. Actions of local government municipalities in this area intend to alleviate shortcomings of local markets and improve their relations with supra-local markets and correct negative structural adjustments in local markets so that the municipality enters the long-term path of restructuring and dynamic economic growth (Michałowski, Pawłowski, 2004; Grzebyk, 2012).

The economic development of the Rzeszów FUA is related to acquisition of investors, thus the local authorities, in order to support entrepreneurship, seek to provide service infrastructure and prepare areas for investments, by creating Economic Activity Zones

(SAG)<sup>5</sup>. In addition, local government authorities create or support establishment and operation of units which make up business-related infrastructure<sup>6</sup>, whose activities contribute to investment attractiveness and thus the economic potential, such as training centres, technology transfer centres, technology parks, entrepreneurship incubators, clusters, agencies, economic chambers, career offices, etc. The effective use of the synergy between local authorities, the science sector and business-related institutions is an important factor that contributes to the economic potential. Most of the institutions operating in the business support area are established in Rzeszów, such as the Business Promotion Centre, Business Support Center at the Association for the Promotion of Entrepreneurship, Chamber of Industry and Commerce, Chamber of Crafts, Rzeszów Regional Development Agency, Aviation Valley Association of the Group of Aviation Industry Enterprises, KOMCAST Eastern Foundry Cluster, etc. There are also entities which support the entrepreneurship sector in the remaining area of the Rzeszów FUA, such as the “Trygon – Development and Innovation” Local Action Group Association in the municipality of Boguchwała, Lubenia and Świlcza, Podkarpackie Centre for Agricultural Consulting in Boguchwała, LGD “C.K. Podkarpacie” in Czudec or the Technological Incubator with the Support Centre for the Podkarpackie Science and Technology Park and AEROPOLIS Podkarpackie Science and Technology Park in the municipality of Trzebownisko and Głogów Małopolski.

The development strategy is an important instrument used for current decisions and actions of local authorities and for informing the local entities about the plans of a given local government unit (Grzebyk, Hedesz, 2022). It is the foundation of entrepreneurship growth.

In order to examine if the local authorities address the issue of entrepreneurship support in their development strategies, such documents were analysed. Municipality development strategies were analysed in terms of clauses related to entrepreneurship support. The analysed element was:

- whether factors related to entrepreneurship were identified in the strengths or weaknesses,
- identification if the vision and mission formulated in the strategy provide for entrepreneurship support,
- checking if the strategy provides for operationalization of development directions defined in the strategy, i.e. key tasks, directions of intervention, tasks to be performed, etc.

Results of analysis of municipality development strategy are presented in table 4. If individual elements of the strategy that were analysed featured provisions on entrepreneurship support, ‘+’ was assigned, otherwise ‘-’ was assigned.

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<sup>5</sup> SAGs are areas established and functioning on the basis of the act, delineated and prepared for investments, which meet demand from the potential investors (Stanienda, 2011).

<sup>6</sup> Business-related institutions include entities with material and technical resources, human resources and competencies necessary to provide services to the SME sector. Tasks of business-related institutions include supporting the entrepreneurship, actions in favour of persons who are starting their economic activities or help provided to newly established enterprises.

Table 4. Evaluation of the strategy of local development of municipalities which are part of Rzeszów FUA in terms of entrepreneurship support

Municipality	type of municipality	strengths/weaknesses	vision	mission	development directions/objectives
Boguchwała	urban-rural	+	-	-	+
Chmielnik	rural	+	+	-	+
Czarna	rural	+	lack	+	+
Czudec	rural	+	+	+	+
Głogów Mlp.*	urban-rural	lack of valid development strategy			
Krasne	rural	+	-	+	+
Lubenia	rural	+	+	-	+
Łańcut	rural	+	+	-	+
Łańcut	rural	-	-	-	+
Świlcza	rural	+	+	-	+
Trzebownik	rural	+	-	-	+
Tyczyn	urban-rural	+	-	-	+
Rzeszów	urban	+	+	+	+
<b>Rzeszów FUA</b>		+	+	-	+

\* In 2022 work was started on a new development strategy for the municipality of Głogów Małopolski for 2022–2032, therefore this work uses the municipality development strategy for 2014–2020.

Source: own work based on the data from the municipality development strategies (see in references).

Having analysed the municipality development strategy, it should be concluded that entrepreneurship support is an essential issue of interest to local authorities. The planned directions of actions related to strategy development include provisions on entrepreneurship support in all strategies that were analysed.

It should be noted that in addition to development strategies, municipalities also prepare other documents related to supporting local entrepreneurship, such as the Municipal Revitalisation Programme, Environmental Protection Programme, Monument Maintenance Programme or the NGO Co-operation Programme.

## 6. CONCLUSIONS

The entrepreneurship potential is one of the key factors of the social and economic development of each local government unit.

Today, local development cannot be addressed without taking entrepreneurship category into account. It can be said that the local economic development consists in fostering private entrepreneurship as well as the entrepreneurship created by local authorities and by local residents (Bieńkowska-Gołasa, 2015).

Opportunities for the development of entrepreneurship in various regions of the country and for creating regional development based on that entrepreneurship should be sought in a policy that is properly pursued by local and regional authorities, in particular with regard

to SMEs. The policy should be pursued with special instruments for supporting regional entrepreneurship and with investments that improve operating conditions for the SME sector. The priority investment task that supports development of economic activity in the given municipality is providing modern infrastructural services (Kamińska, 2011) that will facilitate taking up, carrying on and expanding economic activities; business development by stimulating growth in demand for the workforce, attracting business from outside, development of the existing business, promotion of innovations; development of human resources by improving qualifications of the local workforce to make it more attractive to projects that require highly skilled staff (Szewczuk, 2011).

The analysis conducted in the municipalities of the Rzeszów Functional Urban Area from 2010 to 2021 demonstrated that development of entrepreneurship is very intensive, and revealed disproportions in the development of entrepreneurship among various municipalities. Every year the number of economic entities, especially SMEs, has been growing in the analysed municipalities. This translates to an increase in the value of the synthetic indicator in the analysed time-frame. The high level of development of entrepreneurship potential is related to creation of new workplaces by the new enterprises, which considerably contributes to economic development, and thus increases the living standard of the residents.

The highest indicator of entrepreneurship development in 2010 and 2021 was demonstrated by Rzeszów and urban-rural municipalities (Boguchwała, Głogów Małopolski and Tyczyn). Low level of entrepreneurship development in the analysed years was recorded for rural municipalities, such as: Świlcza, Czarna, Łańcut, Czudec and Lubenia. The nature of economy in these municipalities differs from other municipalities that are directly adjacent to the city.

Test results demonstrate dominance of Rzeszów, since that city is characterised by high values of all variables tested.

As part of the extended analysis, it should be concluded that entrepreneurship support is an essential and important issue of interest to local authorities of the municipalities. Provisions on entrepreneurship support by local authorities are included in all strategies that were analysed.

The analyses are important in practical terms and provide the overall view of the situation regarding the issue being analysed. The analyses may be used to draw preliminary conclusions on the policy pursued by local authorities of municipalities which belong to the Rzeszów FUA, and to prepare directions of changes necessary for taking additional, effective measures. Results of the analyses will allow the authorities or other decision-makers to take necessary steps to develop favourable conditions for taking up and carrying on economic activities, as well as actions that promote development of the existing enterprises.

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