


Original article

Instruments supporting local innovativeness

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ABSTRACT

The contemporary challenges that the economy raises for entities functioning on the market constitute the major stimulus for the transformation not only enterprises but also entities comprising partners of the market competition. Hence, Local Government Entities aiming at the creation of appropriate conditions for the development of local entrepreneurship promote and implement instruments which are supposed to support local entrepreneurs in undertaking innovative and venturesome activities.

The current article, which presents the selected instruments of supporting innovativeness by local government entities, is devoted to this problem. Its last part provides the characteristics of pilot studies conducted by the authors, which demonstrate the perception of the relevance of applying individual instruments promoting innovation by two groups of respondents i.e. representatives of local authorities and entrepreneurs.

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KEYWORDS

innovativeness, local government entities, instruments supporting innovation



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Introduction

The opening of local and national economies to global competition raises a significant number of challenges to authorities of Local Government Entities (JST). In the traditional concept, JST management are the persons responsible mainly for the effective administration of the office and the region. In the recent perspective, encouraging the local development through various instruments that are at the authorities' disposal should be included to their responsibilities. Both above-mentioned tasks have played the significant role until today and must be executed on a consistent and coherent basis in order to satisfy the local needs. Therefore, changing tasks of local authorities

somewhat cumulate over the time, thus resulting in complicating JST management and searching for new forms of the effective local government's management.

Bearing in mind aforementioned challenges, nowadays the tasks of JST authorities are further complicated due to the necessity of promoting the local innovativeness, that is specifically understood local development aimed at searching, promoting and active supporting of these projects which currently and in the future, may be considered as innovative. The innovativeness defined in this way is to guarantee the competitive advantage for the local economy over a long period. On the other hand, such the advantage will cause the automatic acceleration of the local development not only in economic terms but also social – since both of the spheres of local development are inextricably linked and mutually intermingle.

The purpose of the present study is to develop the instruments supporting the local innovativeness as well as the evaluation of their influence on the development of the local innovation. The research questions formulated by the authors relate to the problem whether or not the traditional instruments of promoting entrepreneurship constitute the basis for creating the instruments simultaneously supporting the local innovativeness and to what extent the process exists. Thereby, based on the conducted research, the authors attempted to develop the new instruments supporting entrepreneurship which concurrently encourage the local innovativeness. Moreover, the indication of the extent to which particular instruments stimulate the innovativeness is also among the authors' objectives. This allowed preparing a peculiar hierarchy of entrepreneurship support instruments in the aspect of their ability to stimulate the local innovation.

In order to fulfill the above-mentioned tasks, the authors conducted research among the local authorities of selected municipalities from Wielkopolskie and Dolnoslaskie provinces as well as among the selected enterprises running business activity on this territory. Additively, it enabled for the comparison of the local authorities' opinions with the entrepreneurs' ones which constitutes the added value of the study.

1. Notion and determinants of local development towards innovativeness

The notion of local development is defined in literature in various manners. In a static approach, it means a phase of development or advancement in any social aspect which is specified or limited to a certain, usually small area or territory [EIONET... (n.d.)]. Such the definitional approach indicates mainly the fact that the notion of local development is restricted to some, typically small, area. In the dynamic approach, local development is understood as a process aimed towards strengthening the potential of communities in towns and villages, which in turn promotes the economic and social growth of these towns and villages as well as their inhabitants; is seen also as the process equalizing opportunities, increasing and self-maintaining which takes environmental and gender aspects [Cabbott and Covey 1996, p. 9] into account. The dynamic approach implicates the process-based character of the local development, i.e. requiring the permanent efforts from policymakers – in the sphere of current management and strategic planning. Therefore, the approach underlines the role of the manage-

ment system and its improvements in stimulating the local development [Rummler 2000, p. 84; Rummler and Branche 2000, p. 36].

The contemporary local development factors are determined to a significant extent by the changes undergoing in mechanisms of competitive businesses. This requires the local entities to current recognition of these needs or even their prediction, since quick adjustment to them is the condition for acquiring the competitive superiority and acceleration of the development as a result [Lobos 2007; Potocki 1990]. In order to satisfy these demands, state administration entities must possess the efficient management system, which is focused on constant studying of internal and external customers' requirements and which is capable of adjusting to the changing needs. The local authorities must be able to effectively encourage the local community and business entities to use the local potential productively. Fostering innovations, transferring new ideas and technologies are the features of the development based on knowledge.

2. Areas of innovation in an organization

Innovativeness in enterprises' operations is defined as discontinuous projects of new combinations of production factors, related to the implementation of a new product, a new production method, opening of a new market, acquiring a new source of raw materials or prefabricated units and conducting a new organization of economic processes. They can be considered in narrow and broad perspectives. The former one means the changes in the production methods and products based on a new or hitherto untapped knowledge. In the latter approach, the innovations will be seen as any change in the production consisting in acquirement of the gained knowledge [*Leksykon zarzadzania* 2004, p. 168].

W. Cellary presents the essence of innovativeness as the implementation of novelties into practice and divides them into:

- productive innovation (introduction of a new product or a service on the market by a given organization or a significant modification of existing ones in relation to their characteristics or intended use),
- process innovation (implementation of the new or significantly improved production or delivery methods into an organization's practice),
- organizational innovation (application of a new organizational method of operation, new organization of workplaces or the new organization of external relations in an organization),
- marketing innovation (application of a new, materially different from the existing, marketing method) [Cellary 2011].

The innovative process in an enterprise consists of the following stages: appearing of a new idea, transforming it into a concept, implementation or improvement, delivery of a new or modified product (service) to customers, conducting customer satisfaction surveys and based on them searching for a new solutions or improvements [Steinmann and Schreyogg 1995, p. 274]. A significant number of flexibility in an enterprise management [Prudzienica 2009, p. 92-94] must dominate the execution of these stages.

3. Instruments supporting local innovativeness

The process of supporting the local development is characterized by the complexity of undertaken activities either as it comes to the selection of instruments aimed at the innovative development or implementation projects determining effectiveness of the local development towards the innovativeness [Zimniewicz 2009, p. 99-103].

JSTs frequently use a range of instruments of a varying character. The traditional division concerns the financial and non-financial instruments facilitating entrepreneurship [Bobera et al. 2004, p. 49]. Having taken into account the limited possibilities of the innovative interactions in the sphere of supporting innovativeness financial instruments, the authors in the current paper developed and analyzed the instruments of off-budget nature which enable JSTs to actively promote the innovativeness [Flieger 2011, p. 21]. Such an approach seems to be reasonable as JSTs require more flexible activities towards supporting local innovativeness and the necessity of broadening the scope of instruments applied during the process of building the competitive advantage of a region.

The group of off-budget instruments constitutes the first group of the instruments that allow for creative activities in the field of encouraging the local innovation. These instruments are presented in Table 1 [see: Chomiak-Orsa and Flieger 2012]¹.

Table 1. Off-budget instruments supporting local innovativeness

Selected off-budget instruments for supporting innovativeness by JST
<i>Managing investment projects</i>
<ul style="list-style-type: none"> – Openness of a municipality to new investment projects – Possibility of entrepreneurs' participation in determination of municipality development directions – Creation fast tracks aimed at realization projects of innovative character in a municipality – A support program developed by a municipality for small companies operating in sectors defined as innovative – Program to support promotion of local innovative products – Promotion of a municipality with regard to innovative openness – Drafting a development strategy and an economic development strategy of a municipality directed towards innovativeness – Separated unit for service of external investors operating in innovative fields – Separated unit for promotion of innovative entrepreneurship – Organization of competitions by a municipality for the best innovative product and company
<i>Managing municipality assets</i>
<ul style="list-style-type: none"> – Vending municipality assets in the form of land in priority and preferences for companies operating in innovative sectors – Releasing a municipality land for perpetual usufruct with the preferences for innovative enterprises – Municipality databases of properties with potential for innovative activities – Drafted strategy of municipality assets management with innovative preferences taken into account – Vending municipality assets in the form of buildings with preferences for innovative enterprises – Contributing municipality assets to companies of innovative character

¹ The research on applying instruments depicted in the Table by selected municipalities were presented and discussed in details in the publication.

<i>Managing social-information development</i>
<ul style="list-style-type: none">– Improved access to technical infrastructure for innovative enterprises– Efficient municipality system of collecting and managing the information facilitating management of an enterprise of innovative character– Active municipality's participation in trainings for entrepreneurs and the unemployed – shaping innovative attitudes– Existence of local development agencies undertaking activities promoting innovativeness on the territory of a municipality– Existence of counselling and training centers for innovative enterprises on the territory of a municipality– Municipality's engagement in innovative activities of venture-capital type– Existence of innovative entrepreneurship incubators on the territory of a municipality– Existence of innovative technological parks on the territory of a municipality

Source: [own study].

The instruments encouraging innovativeness presented in Table 1 may allow for the creation of the coherent local and regional policy in terms of supporting projects of innovative nature [Kozuch 2010]. However, the question arises, to what extent the particular instruments are effective in the assessment of JST authorities as well as local entrepreneurs [Pietrzykowski 2009, p. 220]. Hence, the attempt to identify the answer to the aforementioned question induced conducting the pilot tests by the authors, which constitute a peculiar continuation of the research carried out in the years 2009-2012. The empirical research regarding the answer to the question under consideration is referred to in the following paragraph of the paper.

4. Assessment of application of off-budget instruments supporting innovativeness in selected municipalities

Contrary to the research conducted in 2011, the presented research was to demonstrate the link – which in respondents' opinion exists between applied instruments and simulation of innovative activities by entrepreneurs of a given local community.

The research was conducted in two separate, intentionally defined groups of respondents. The first group consisted of representatives of local authorities. The aim of the research was to identify the views of selected municipalities authorities on the effectiveness of the instruments applied and in particular, their influence on undertaking innovative activities by entrepreneurs. Since conducting the pilot tests was the authors' intention, whose result is only to signalize the general tendencies as well as provide the basis for deduction shaping further research, the survey was presented to 13 selected representatives of the local authorities of the examined municipalities.

The surveys were carried out in the form of the anonymous, direct questionnaire that included the possibility of evaluation of each instrument stimulating innovativeness among entrepreneurs listed in Table 1. The influence of each instrument was assessed by the respondents on the scale from 0 to 5 – where '0' meant the complete absence of the influence in question, whereas '5' indicated a respondent's belief that the particular instrument is of a significant importance for undertaking innovative activities by entrepreneurs of the local community.

The averaged results of the survey are presented in Table 2.

Table 2. Averaged results indicated by respondents being representatives of local authorities

Selected non-financial instruments supporting local development	Average mark
<i>A. Managing investment projects</i>	
– (A1) Openness of a municipality to new investment projects	4,1
– (A2) Possibility of entrepreneurs' participation in determination of municipality development directions	4,0
– (A3) Creation of fast tracks aimed at realization projects of innovative character in a municipality	4,6
– (A4) A support program developed by a municipality for small companies operating in sectors defined as innovative	5,0
– (A5) Program to support promotion of local innovative products	3,9
– (A6) Promotion of a municipality with regard to innovative openness	3,1
– (A7) Drafting a development strategy and an economic development strategy of a municipality directed towards innovativeness	4,2
– (A8) Separated unit for service of external investors operating in innovative fields	4,1
– (A9) Separated unit for promotion of innovative entrepreneurship	3,9
– (A10) Organization of competitions by a municipality for the best innovative product and com	3,2
<i>B. Managing municipality assets</i>	
– (B1) Vending municipality assets in the form of land in priority and preferences for companies operating in innovative sectors	4,1
– (B2) Releasing a municipality land for perpetual usufruct with the preferences for innovative enterprises	4,6
– (B3) Municipality databases of properties with potential for innovative activities	3,8
– (B4) Drafted strategy of municipality assets management with innovative preferences taken into account	4,1
– (B5) Vending municipality assets in the form of buildings with preferences for innovative enterprises	3,3
– (B6) Contributing municipality assets to companies of innovative character	4,3
<i>C. Managing social-information development</i>	
– (C1) Improved access to technical infrastructure for innovative enterprises	4,2
– (C2) Efficient municipality system of collecting and managing the information facilitating management of an enterprise of innovative character	4,1
– (C3) Active municipality's participation in trainings for entrepreneurs and the unemployed – shaping innovative attitudes	2,6
– (C4) Existence of local development agencies undertaking activities promoting innovativeness on the territory of a municipality	4,3
– (C5) Existence of counselling and training centers for innovative enterprises on the territory of a municipality	3,6
– (C6) Municipality's engagement in innovative activities of venture-capital type	3,8
– (C7) Existence of innovative entrepreneurship incubators on the territory of a municipality	4,5
– (C8) Existence of innovative technological parks on the territory of a municipality	4,8

Source: [own study].

Table 3. Averaged results indicated by respondents being representatives of local authorities

Selected non-financial instruments supporting local development	Average mark
<i>A. Managing investment projects</i>	
– (A1) Openness of a municipality to new investment projects	1,9
– (A2) Possibility of entrepreneurs' participation in determination of municipality development directions	2,0
– (A3) Creation of fast tracks aimed at realization projects of innovative character in a municipality	3,9
– (A4) A support program developed by a municipality for small companies operating in sectors defined as innovative	3,5
– (A5) Program to support promotion of local innovative products	3,1
– (A6) Promotion of a municipality with regard to innovative openness	3,1
– (A7) Drafting a development strategy and an economic development strategy of a municipality directed towards innovativeness	2,2
– (A8) Separated unit for service of external investors operating in innovative fields	2,0
– (A9) Separated unit for promotion of innovative entrepreneurship	2,8
– (A10) Organization of competitions by a municipality for the best innovative product and com	2,7
<i>B. Managing municipality assets</i>	
– (B1) Vending municipality assets in the form of land in priority and preferences for companies operating in innovative sectors	1,5
– (B2) Releasing a municipality land for perpetual usufruct with the preferences for innovative enterprises	3,9
– (B3) Municipality databases of properties with potential for innovative activities	2,6
– (B4) Drafted strategy of municipality assets management with innovative preferences taken into account	1,6
– (B5) Vending municipality assets in the form of buildings with preferences for innovative enterprises	3,8
– (B6) Contributing municipality assets to companies of innovative character	3,3
<i>C. Managing social-information development</i>	
– (C1) Improved access to technical infrastructure for innovative enterprises	3,9
– (C2) Efficient municipality system of collecting and managing the information facilitating management of an enterprise of innovative character	3,5
– (C3) Active municipality's participation in trainings for entrepreneurs and the unemployed – shaping innovative attitudes	3,1
– (C4) Existence of local development agencies undertaking activities promoting innovativeness on the territory of a municipality	4,8
– (C5) Existence of counselling and training centers for innovative enterprises on the territory of a municipality	4,3
– (C6) Municipality's engagement in innovative activities of venture-capital type	4,2
– (C7) Existence of innovative entrepreneurship incubators on the territory of a municipality	4,2
– (C8) Existence of innovative technological parks on the territory of a municipality	3,8

Source: [own study].

The second group of the respondents consisted of the entrepreneurs who had business activities registered on the territory of the municipalities in which the previous surveys (in the years 2009-2011) and the current pilot tests were conducted, during which the local authorities were surveyed.

The averaged results of the survey are depicted in Table 3.

The graphical presentation regarding comparison of the results obtained from the two groups of respondents is concluded in Figures 1-3.

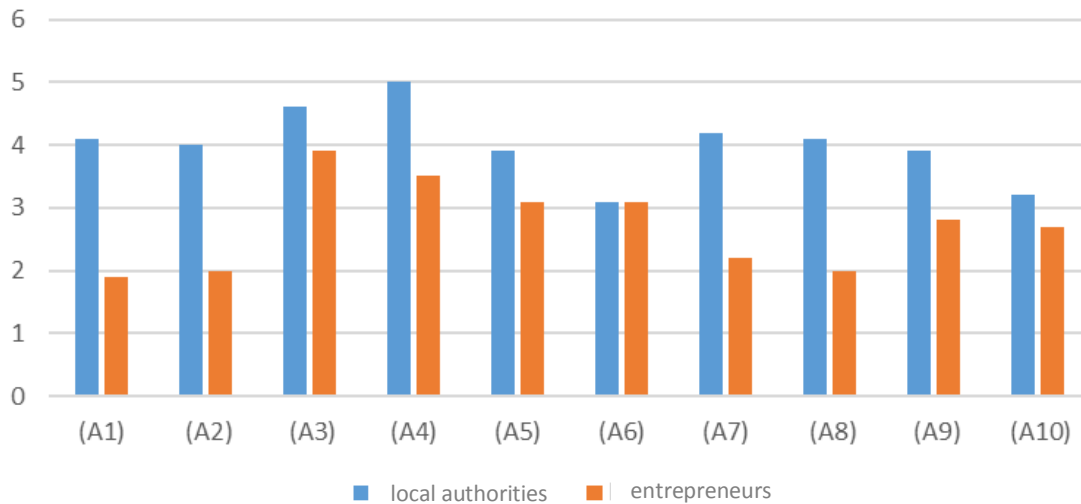


Fig. 1. Comparison of two groups of respondents' assessments related to the influence of instruments within the field of managing the investment projects on the degree of innovation
Source: [own study].

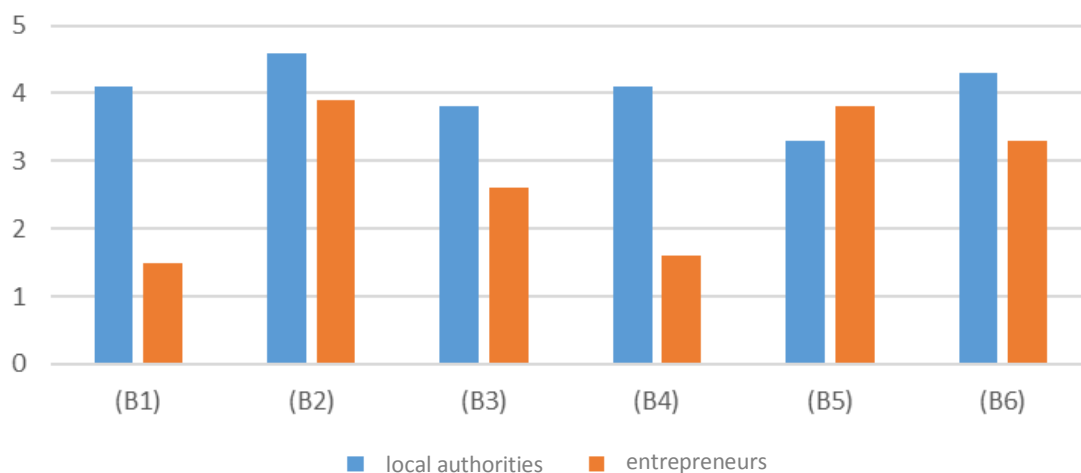


Fig. 2. Comparison of two groups of respondents' assessments related to the influence of instruments within the field of managing the municipality's assets
Source: [own study].

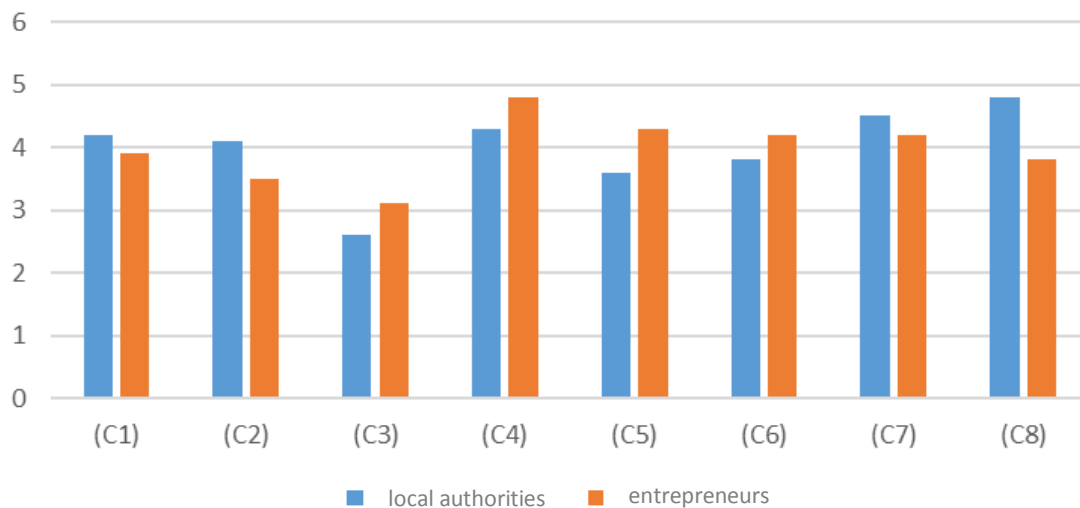


Fig. 3. Comparison of two groups of respondents' assessments related to the influence of instruments within the field of managing the social-information development on the degree of innovation

Source: [own study].

The analysis of the obtained results indicated that the respondents from the entrepreneurs' group assess the instruments applied significantly lower than the respondents representing the local authorities. However, after the detailed analysis it follows that in the opinion of entrepreneurs the highest efficiency in creating innovativeness by non-financial instruments of local development lies within the sphere of the instruments of managing the social-information development group. Moreover, some of the instruments of this group were rated higher by the respondents representing entrepreneurs than by the respondents representing the local authorities.

Conclusion

Management of contemporary local government entities is the increasingly complex process. It stems from the fact that the traditional approach to promoting entrepreneurship and the instrument applied within this process nowadays occur to be not sufficient. The adaptation of the approach to the stimulation of the local development result from various factors, both attributable to the requirements of business organizations seeking localizations for their projects and to citizens expecting certain social development based on the strong local economy. The requirements that result from the preferences of the government level, indicating the general directions of the state economy development and within whose framework the local development should fall has to be added to these factors.

Currently, the above-mentioned conditions of the local development unequivocally demonstrate the domination of preferences associated with the development based on innovative solutions. Such a state of affairs sets a significant number of challenges before local authorities, which are mainly related to exploring new instruments encouraging entrepreneurship and the local development. These instruments distinct

from traditionally used ones, orientated towards the stimulation of the particular type of economic activities – those of the innovative character. As evidenced by the considerations contained in the present paper, applying a number of such instruments is possible, and the list of them proposed by the authors is open in nature and can be successively supplemented. Therefore, local government authorities are authorized to apply the instruments supporting local innovativeness within the process of the social-information development stimulation of a region.

However, the creation of the strategy supporting the local development aimed at expansion of innovativeness is not an effortless task. As indicated by the research conducted by the authors, the efficiency of the instruments promoting innovativeness is valued differently by the representatives of the local authorities and businesses. The former higher assess this efficiency. The efficiency of the individual instruments, which allows for determining those particularly exploitable and those which affect the development of the innovativeness to a smaller extent, also differentiates. Additively, among the various instruments proposed by the authors, local authorities should select those predominant, on which the entire development strategy will be based on. This is mainly connected to the organizational and financial limitations. The aforementioned comments indicate the fact that the local authorities are obliged to carefully create their innovativeness development strategies taking advantage of knowledge on effectiveness of individual instruments and recognized local preferences.

Conflict of interests

The author declared no conflict of interests.


Author contributions

All authors contributed to the interpretation of results and writing of the paper. All authors read and approved the final manuscript.

Ethical statement

The research complies with all national and international ethical requirements.

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