

ECONOMIC ACTIVITY OF THE POPULATION IN DEVELOPING NON-AGRICULTURAL SPHERE IN BORDER POWIATS OF PODKARPACKIE VOIVODSHIP

Dariusz Zajac¹

ABSTRACT

In the article economic activity of the population in the development of non-agricultural activities in the border powiats of Podkarpackie Voivodship was evaluated, with an emphasis on the use of the financial resources from the PROW 2007-2013 in this scope. The empirical material of the article covers data from universal and economic statistics. The analysis showed that residents of these powiats in moderate degree use the location rent in the development of non-agricultural activities. There is, however, quite a large differentiation in this regard between powiats, especially in the case of the use of the financial resources allocated for this purpose.

Key words: economic activity of the population, non-agricultural activities, border powiats.

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1. Introduction

The issue of non-agricultural entrepreneurship, entrepreneurs and their institutional expression, which is the company, occupies an important place both in economic theory and practice. The experience of developed countries shows that these categories are the main carriers of progress, initiative, creative approach and innovation, providing both the driving force of the process of socio-economic development and a source of enrichment of the society as well as providing a key factor limiting unemployment and contributing to the growth of economic activity of population and well-being of any economy, including the local one (Sawicka, 2000; Honjo, Harada, 2006).

¹ University of Rzeszów, Rzeszów, Poland. E-mail: dzajac@ur.edu.pl.

In the regional development, "territory" (local environment) is of the greatest importance. It is understood as all local actors and institutions associated with dense networks of relationships. The local environment provides a framework for the location of various types of economic activities, in which processes of creation of human, property, financial and technological resources necessary for innovation occur. It grows to the rank of the strategic variable in the decisions made by economic entities, strengthens their competitiveness and becomes a source of value added. Therefore, one of the most important areas of public intervention is the creation and development of non-agricultural economic activities, as well as promoting the culture of entrepreneurship and innovation in the local environment (Garofoli, 1993; Longhi, Quere, 1993; Boureille, Guesnier, 1994; Pietrzyk, 2006).

Non-agricultural economic activities in the local environment (powiat, gmina) can be carried out both by non-agriculture and agriculture population, including those carried out by the farmers themselves. Furthermore, it can be associated with agriculture or completely unrelated to it, and it may be a registered or unregistered activity. It should be added that, from the point of view of the multifunctional development of agriculture and rural areas, non-agricultural activity of the farmers and their family members have a particular importance. This activity creates non-agricultural jobs and sources of income in rural areas, especially for agriculture population, thus improving its financial situation and living conditions, and helps to improve the use of resources inherent in farms and households (Czudec, 2009; Duczkowska-Malysz, 2009; Zajac, 2014).

Opportunities of development of non-agricultural economic activities in the local environment lie primarily in the skills of people, their readiness for economic activity, needs occurring in this area as well as resources owned and their mutual relations, which are influenced by external conditions. These opportunities are created through the interaction of the state and the European Union, as well as local self-governments and other institutions, which often use a wide range of forms of assistance to support non-agricultural economic activities.

It should be added that supporting development of non-agricultural activities is the subject of special attention and interest of most European countries, especially those highly developed, which pursue active economic policy in this area. However, as the research shows, a higher scale of support from the European Union budget causes the number of enterprises and the number of persons employed to increase faster, and also slows down the processes of growth of the number of unemployed in the economy, including the local one (Wasilewski, 2014).

The aim of the article is to assess the economic activity of the population in the development of non-agricultural activities in the border powiats of Podkarpackie Voivodship², with an emphasis on the use of the financial resources from the PROW 2007-2013. While collecting the empirical material to the article, the method of economic and universal statistics was applied, using data from the Local Data Bank, the CSO in Warsaw and from ARiMR Regional Branch of Podkarpacie in Rzeszow. The collected and structured empirical material was developed in a tabular form, using the method of comparative analysis.

2. Economic activity of the population in the development of non-agricultural activities

The number of economic entities per 1000 people of working age can attest about the level of development of non-agricultural economic activities in a given area. Based on the data in Table 1, it should be noted that the group of border powiats of Podkarpackie Voivodship is characterized on average by a higher level of development of non-agricultural economic activities compared with other powiats of this voivodship, and this applies to the whole analysed period, i.e. from Poland's accession to the European Union in 2004 until 2014. It should be added that the group of border powiats is, however, quite diversified in this respect, with the highest level of development of non-agricultural activity in Leski and Bieszczadzki powiats, and the lowest one in Lubaczowski and Przemyski powiats. In addition, it should be noted that on average, in both the border powiats of the Podkarpackie Voivodship and in the group of other powiats of the voivodship, there was a slight development in non-agricultural activities in the years 2004-2014. It should be added that the group of border powiats is slightly diversified in this respect, with the highest development of non-agricultural economic activities in Lubaczowski and Leski powiats, and the lowest one in Bieszczadzki and Jaroslowski powiats.

² Border powiats are local government units, whose administrative border is also the state border.

Table 1. The number of economic entities per 1000 population of working age and its changes in Podkarpackie Voivodship and its powiats in the years 2004-2014

| Specification | Years | | Changes in the years 2004-2014 (dynamics, year 2004 = 100) |
|------------------------------------|-------|-------|--|
| | 2004 | 2014 | |
| Podkarpackie voivodship | 108.3 | 120.3 | 111.1 |
| Border powiats in total, of which: | 106.8 | 116.5 | 109.1 |
| bieszczadzki | 147.5 | 148.8 | 100.9 |
| jasielski | 97.2 | 107.2 | 110.3 |
| krośnieński | 96.9 | 107.0 | 110.4 |
| sanocki | 105.6 | 114.1 | 108.0 |
| leski | 149.8 | 171.5 | 114.5 |
| jarosławski | 105.8 | 109.2 | 103.2 |
| lubaczowski | 73.7 | 88.5 | 120.1 |
| przemyski | 77.7 | 85.3 | 109.8 |
| Coefficient of variation V (%) | 26.6 | 25.3 | 5.5 |
| Other powiats in total, of which: | 92.3 | 103.0 | 111.6 |
| brzozowski | 82.8 | 89.9 | 108.6 |
| przeworski | 77.2 | 89.7 | 116.2 |
| kolbuszowski | 77.4 | 89.3 | 115.4 |
| łańcucki | 111.1 | 116.8 | 105.1 |
| ropczycko-sędziszowski | 88.4 | 105.0 | 118.8 |
| rzeszowski | 98.7 | 109.1 | 110.5 |
| strzyżowski | 78.7 | 96.5 | 122.6 |
| dębicki | 89.1 | 106.2 | 119.2 |
| leżajski | 84.7 | 95.8 | 113.1 |
| mielecki | 110.1 | 121.0 | 109.9 |
| niżański | 85.1 | 92.7 | 108.9 |
| stalowowolski | 119.9 | 128.3 | 107.0 |
| tarnobrzegi | 96.8 | 98.6 | 101.9 |
| Coefficient of variation V (%) | 15.2 | 12.4 | 5.4 |

Source: Local Data Bank, CSO in Warsaw.

The creative sector is a part of the market created by entities running economic activity related to culture and technology, combining the artistic activity with entrepreneurship. The separation of this sector of the economy was associated with a new look at the area of culture and art in the 1990s of the 20th century. The creative sector is defined as "industries based on individual creativity, skills and talent, and presenting potential to generate new jobs, growth of the wealth and development of intellectual property" (cf. Rollnik-Sadowska, Szlis, 2013). Howkins J. (2001) included the following industries into the creative sector: advertising, architecture, art and antiques market, crafts,

design, fashion, film, video games, music, performing arts, publishing market, software as well as radio and television. In addition, R. Florida (2002) separated the so-called creative class, that is persons who are the main source of development of post-industrial cities. It includes professions belonging to the creative sector as well as scientists, researchers and inventors. According to this author, the creative class has three primary values, the so-called 3T: talent, tolerance and technology. It should be added that Poland is one of the largest exporters of the products and services of the creative sector and its share in GDP is around 3% (cf. Creative Economy Report, 2010 Rollnik-Sadowska, Szlis, 2013).

Table 2. Percentage of newly registered economic entities of creative sector and deregistered economic entities in Podkarpackie Voivodship and its powiats in 2004

| Specification | Percentage of newly registered economic entities of creative sector | Percentage of deregistered entities |
|------------------------------------|---|-------------------------------------|
| Podkarpackie voivodship | 6.7 | 7.1 |
| Border powiats in total, of which: | 5.4 | 7.6 |
| bieszczadzki | 6.2 | 8.2 |
| jasielski | 5.4 | 8.2 |
| krośnieński | 5.2 | 7.3 |
| sanocki | 7.2 | 7.7 |
| leski | 5.4 | 7.3 |
| jarosławski | 5.6 | 7.0 |
| lubaczowski | 4.6 | 8.0 |
| przemyski | 3.3 | 7.2 |
| Coefficient of variation V (%) | 21.1 | 6.3 |
| Other powiats in total, of which: | 5.7 | 7.4 |
| brzozowski | 3.5 | 12.3 |
| przeworski | 5.2 | 7.7 |
| kolbuszowski | 3.6 | 7.2 |
| łańcucki | 8.6 | 7.4 |
| ropczycko-sędziszowski | 6.3 | 6.6 |
| rzeszowski | 5.8 | 6.6 |
| strzyżowski | 5.2 | 7.7 |
| dębicki | 4.4 | 7.2 |
| leżajski | 8.0 | 8.0 |
| mielecki | 6.0 | 5.6 |
| niżański | 5.0 | 6.5 |
| stalowowolski | 7.9 | 6.2 |
| tarnobrzegi | 4.8 | 7.0 |
| Coefficient of variation V (%) | 28.5 | 22.0 |

Source: Local Data Bank, CSO in Warsaw.

The data on the dynamics of the arising of new and closing of already existing economic entities are often considered to be the main source of information about the condition of the economy in the particular area. This is an indicator that takes into account not only the hard factors of economic growth, but also those immeasurable, related to the moods of investors and their expectations as to the possibility of running the establishment. The index of dynamics growth in the number of registered entities indicates an improvement of the economic situation in the particular area and implies numerous positive phenomena in the form of multiplier effects in the economy. On the other hand, the decline in the number of registered entities indicates deterioration of the overall business climate and can even mean the closure the particular area for investments and development (Zarębski, 2015; Brodziński, Brodzińska, 2016).

Analysing the data in Table 2 it should be stated that the group of border powiats of Podkarpackie Voivodship is characterized on average by a slight percentage of newly registered entities of the creative sector, as well as by a small percentage of entities deregistered in 2014, similarly to the group of other powiats of the voivodship. In addition, it should be noted that the group of border powiats is, however, quite diversified in terms of the percentage of newly registered economic entities of the creative sector, with the highest percentage of such entities in Bieszczadzki and Sanocki powiats and the lowest in Przemyski and Lubaczowski powiats. On the other hand, the group of border powiats is slightly diversified in terms of the percentage of economic entities deregistered, with the lowest percentage of such entities in Jarosławski powiat, and the highest in Bieszczadzki and Jasielski powiats.

3. Economic activity of the population in the scope of the use of the financial resources from the PROW 2007-2013 on development of non-agricultural activities

Poland's accession to the European Union and reforms of the Common Agricultural Policy created new opportunities for development of rural areas, mainly through the financial support for agriculture and the country, of which also towards non-agricultural activities. The following analysis was performed on the activity of the residents of border powiats of Podkarpackie Voivodship in the scope of the use of funds from the PROW 2007-2013 under Action *Diversification towards non-agricultural activity* and under Action *Formation and development of micro-enterprises*; the data on this topic are shown in Tables 3-4.

The data in Table 3 show that the value of funds paid from the PROW 2007-2013 under Action *Diversification towards non-agricultural activity* reached nearly 33 million zł in Podkarpackie Voivodship, but it is strongly diversified between powiats, both in the group of border powiats as well as others. Among

the border powiats, the highest value of the funds under this Action was paid to Jarosławski powiat, and the smallest to Jasielski powiat.

Table 3. The number of payments and the value of funds from the PROW 2007-2013 under Action *Diversification towards non-agricultural activity* in Podkarpackie Voivodship and its powiats

| Specification | Funds paid (in zł) | Number of payments | Average value per 1 payment (in zł) |
|------------------------------------|--------------------|--------------------|-------------------------------------|
| Podkarpackie voivodship | 32978531.5 | 503 | 65563.7 |
| Border powiats in total, of which: | 11751669.5 | 176 | 65298.7 |
| bieszczadzki | 672809.0 | 16 | 42050.6 |
| jasielski | 450397.5 | 6 | 75066.3 |
| krośnieński | 2145781.5 | 29 | 73992.5 |
| sanocki | 1152814.0 | 17 | 67812.6 |
| leski | 712209.5 | 16 | 44513.1 |
| jarosławski | 2414090.0 | 30 | 80469.7 |
| lubaczowski | 2171435.0 | 27 | 80423.5 |
| przemyski | 2032133.0 | 35 | 58060.9 |
| Coefficient of variation V (%) | 54.6 | 44.1 | 23.6 |
| Other powiats in total, of which: | 21226862.0 | 327 | 64856.6 |
| brzozowski | 554218.5 | 10 | 55421.9 |
| przeworski | 2838509.0 | 38 | 74697.6 |
| kolbuszowski | 1631668.0 | 24 | 67986.2 |
| łańcucki | 2981862.0 | 39 | 76458.0 |
| ropczycko-sędziszowski | 1951331.0 | 28 | 69690.4 |
| rzeszowski | 3921742.5 | 69 | 56836.8 |
| strzyżowski | 1638776.0 | 27 | 60695.4 |
| dębicki | 1723308.5 | 27 | 63826.2 |
| leżajski | 733827.0 | 9 | 81536.3 |
| mielecki | 1669155.0 | 28 | 59612.7 |
| niżański | 528404.0 | 11 | 48036.7 |
| stalowowolski | 706923.0 | 12 | 58910.3 |
| tarnobrzesci | 347137.5 | 5 | 69427.5 |
| Coefficient of variation V (%) | 66.9 | 68.6 | 14.6 |

Source: ARiMR Regional Branch of Podkarpacie in Rzeszow.

Podkarpackie Voivodship received a total of 503 payments of the funds from the PROW 2007-2013 under Action *Diversification towards non-agricultural activity*, and similarly as the value of the funds paid also the number of payments is highly diversified between powiats. In the group of border powiats the largest number of payments of funds under this Action was received by four powiats, i.e. Przemyski, Jarosławski, Krośnieński and Lubaczowski, while the smallest - Jasielski powiats (Tab. 3).

In Podkarpackie Voivodship the average value of funds per one payment from the PROW 2007-2013 under Action *Diversification towards non-agricultural* amounts to over 65 thousand zł, and it is quite diversified between powiats, especially in the group of border powiats. It should be added that both the group of border and other powiats is characterized by similar average value of these funds on average. On the other hand, among the border powiats the largest average value of the funds per one payment under this Action is observed in Jarosławski and Lubaczowski powiats, and the smallest in Bieszczadzki and Leski powiats (Tab. 3).

Table 4. The number of payments and the value of funds from the PROW 2007-2013 under Action *Formation and development of micro-enterprises* in Podkarpackie Voivodship and its powiats

| Specification | Funds paid (in zł) | Number of payments | Average value per 1 payment (in zł) |
|------------------------------------|-----------------------|-----------------------|---|
| Podkarpackie voivodship | 55901166.3 | 472 | 118434.7 |
| Border powiats in total, of which: | 14821615.8 | 114 | 121772.7 |
| bieszczadzki | 124794.5 | 3 | 41598.2 |
| jasielski | 574500.0 | 4 | 143625.0 |
| krośnieński | 2137095.0 | 16 | 133568.4 |
| sanocki | 1322052.5 | 11 | 120186.6 |
| leski | 1797521.0 | 13 | 138270.8 |
| jarosławski | 3318414.0 | 22 | 150837.0 |
| lubaczowski | 3033917.0 | 24 | 126413.2 |
| przemyski | 2513321.8 | 21 | 119682.0 |
| Coefficient of variation V (%) | 61.1 | 56.1 | 28.1 |
| Other powiats in total, of which: | 41079550.5 | 358 | 114197.6 |
| brzozowski | 1078547.5 | 8 | 134818.4 |
| przeworski | 4247299.0 | 33 | 128706.0 |
| kolbuszowski | 2540559.0 | 24 | 105856.6 |
| łańcucki | 3237032.5 | 32 | 101157.3 |
| ropczycko-sędziszowski | 3147915.0 | 24 | 131163.1 |
| rzeszowski | 12227600.0 | 109 | 112179.8 |
| strzyżowski | 3844853.0 | 30 | 128161.8 |
| dębicki | 3135196.0 | 22 | 142508.9 |
| leżajski | 948080.0 | 13 | 72929.2 |
| mielecki | 3963366.0 | 37 | 107118.0 |
| niżański | 1470252.5 | 13 | 113096.3 |
| stalowowolski | 693565.0 | 5 | 138713.0 |
| tarnobrzeski | 545285.0 | 8 | 68160.6 |
| Coefficient of variation V (%) | 95.8 | 96.8 | 20.6 |

Source: ARiMR Regional Branch of Podkarpacie in Rzeszow.

In connection with the above, it should be concluded the greatest activity in acquiring and using funds from the PROW 2007-2013 under Action *Diversification towards non-agricultural* is observed among residents of four border powiats of Podkarpackie Voivodship, i.e. Krosnienski, Jaroslowski, Lubaczowski and Przemyski powiats. The residents of Jaroslowski border powiat are characterized by the lowest activity in this area.

The data included in Table 4 show that the value of the funds paid from the PROW 2007-2013 under Action *Formation and development of micro-enterprises* reached nearly 56 million zł in Podkarpackie Voivodship, but it is strongly diversified between powiats, both in the group of border powiats, as well as others. Among the border powiats the largest value of the paid funds under this Action was received by Jaroslowski and Lubaczowski powiats, and the smallest by Bieszczadzki and Jasielski powiats.

Podkarpackie Voivodship received a total of 472 payments of the funds from the PROW 2007-2013 under Action *Formation and development of micro-enterprises*, and similarly to the value of the funds paid, the number of payments is highly diversified between powiats. In the group of border powiats the largest number of payments of funds under this Action was reported in three powiats, i.e. Lubaczowski, Jaroslowski and Przemyski, and the smallest in two powiats, i.e. Bieszczadzki and Jasielski (Tab. 4).

In Podkarpackie Voivodship the average value of funds per one payment from the PROW 2007-2013 under Action *Formation and development of micro-enterprises* is over 118 thousand zł, and it is quite strongly diversified between powiats, especially in the group of border powiats. It should be added that on average the group of border powiats has a slightly higher average value of these funds in comparison with the group of other powiats. On the other hand, among the border powiats the highest average value of funds per one payment under this measure was in Jaroslowski powiat, whilst the smallest one in Bieszczadzki powiat (Tab. 4).

In connection with the above, it should be noted that the greatest activity in acquiring and using funds from the PROW 2007-2013 under Action *Formation and development of micro-enterprises* was among the residents of three border powiats of Podkarpackie Voivodship, i.e. Jaroslowski, Lubaczowski and Przemyski. They were followed by the residents of Krosnienski powiat, whereas the lowest activity in this area was observed among the residents of two border powiats, i.e. Bieszczadzki and Jasielski powiats.

4. Conclusions

The development of non-agricultural activities is conditioned by exogenous and endogenous factors. It remains, however, strongly influenced by regional circumstances, especially local ones, but an important stimulus in this regard

may be border location or tourist attractiveness of the local environment (powiat, gmina).

Residents of border powiats of Podkarpackie Voivodship moderately use the location rent towards the development of non-agricultural activities. It seems that the potential opportunities in this area are much greater. It is true that in the group of border powiats the non-agricultural economic activities are more developed on average, but this applies in particular powiats with outstanding natural beauty, and thus attractive for tourists, i.e. Bieszczadzki and Leski powiats.

Podkarpackie Voivodship received from the PROW 2007-2013 almost twice as much funds under Action Formation and development of micro-enterprises as compared with Action Diversification towards non-agricultural activity. The total number of payments of these funds is, however, similar for both Actions, but the average value per one payment under Action Formation and development of micro-enterprises is almost twice as high.

Residents of border powiats of Podkarpackie Voivodship are characterized, however, by moderate activity in the acquisition and use of these funds. The greatest activity in this respect was observed among the residents of three border powiats, i.e. Jaroslowski, Lubaczowski and Przemyski, and subsequently this also applies to the residents of Krosnienski powiat. On the other hand, the lowest activity in this respect was recorded among the residents of Jasielski powiat, followed by Bieszczadzki powiat.

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