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Entrepreneurship Support Instruments in Coastal Municipalities of Poland and Latvia: Scope of Application and Effectiveness

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Introduction

The main area of activity of local government (municipalities) is considered to be the implementation of public tasks, including the creation of appropriate living conditions and organising the proper functioning and development of the economy.

Municipalities play a particularly important role in this, in particular when it comes to the creation of basic infrastructure¹ and effective administration² for citizens, investors and entrepreneurs.

Coastal municipalities, due to their location and natural advantages and (often) lack of alternatives, are developing into tourist services.³ Due to the relatively short tourist season on the Baltic coast, the income of the municipalities is characterised by seasonality; nevertheless, these municipalities appear among the richest municipalities in Poland (calculated as per capita tax income). In addition, depending on the tourist attractiveness of these municipalities, which largely consist of infrastructure consisting primarily of accommodation and tourist attractions (aquaparks, bicycle paths, sports, and recreation complexes). Some municipalities create their image, based on unique features that distinguish them, while others create product packages tailored to the needs and expectations of specific target groups.⁴ Such initiatives demonstrate the entrepreneurial spirit of local authorities in the area. Suciptaningsih et al.⁵ point out, that coastal communities depend heavily on natural resources, the economic activities they carry out are dependent not only on the seasons, but also on the weather. This, in turn, means that certain theoretical assumptions about the creation of local entrepreneurship in municipalities may take on a different dimension in coastal communities.

Local authorities are using a wide range of tools, procedures and sources of financing, to directly or indirectly influence the local socio-economic situation,⁶ because it's the entrepreneurs, by introducing innovations and taking advantage of development opportunities, that drive domestic and local economic changes by stimulating

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- 1 David B. Audretsch, Maksim Belitski and Sameeksha Desai, "Entrepreneurship and economic development in cities," *The Annals of Regional Science* 55 (2015), 1: 33–60, accessed 10 February 2022, DOI:10.1007/s00168-015-0685-x.
 - 2 Elżbieta Weiss, Anna Suchodolska, and Marek Storoska, "Rola samorządu terytorialnego w kształtowaniu lokalnej przedsiębiorczości," *Zeszyty Naukowe Uniwersytetu Szczecińskiego 687, Finanse, Rynki Finansowe, Ubezpieczenia*, 48 (2011): 287–296.
 - 3 Krzysztof Parzych, "Wykorzystanie funduszy europejskich na rozwój zagospodarowania turystycznego gmin nadmorskich Pobrzeża Bałtyku," *Turyzm* 27 (2017): 45–51, accessed 10 November 2022, DOI: 10.18778/0867-5856.27.1.05.
 - 4 Jacek Rudewicz, "Wpływ rozwoju i sukcesu gmin nadmorskich na gminy sąsiednie. Studium przypadku wybranych gmin województwa zachodniopomorskiego," *Zeszyty naukowe Uniwersytetu Szczecińskiego 704, Ekonomiczne Problemy Turystyki* 3 (2012): 139–51.
 - 5 Oktaviani Suciptaningsih, Prajanti Sucihatiningsih, Dewi Setyowati and Agustinus Priyanto, "Community Based Entrepreneurship in Coastal Communities: The Impact on the Environment and Economic Empowerment," in: *Proceedings of the 5th International Conference on Science, Education and Technology, ISET 2019, 29th June 2019, Semarang, Central Java, Indonesia*, eds. Farid Ahmadi, Dyan Rini Indriyanti and Virgiawan Adi Kristianto (Semarang, Indonesia: EAI, 2020), accessed 9 November 2022, DOI: 10.4108/eai.29-6-2019.2290391.
 - 6 Tomasz Skica, *Wpływ polityki gmin na rozwój lokalny. Cele strategiczne, polityki budżetowe oraz instrumentalizacja wsparcia*, (Warszawa–Rzeszów: Wyższa Szkoła Informatyki i Zarządzania z siedzibą w Rzeszowie, Oficyna Wydawnicza ASPRA, 2020).

the competitiveness of the economy.⁷ The local authority is indisputably the main actor stimulating development processes; as a representative of the local community it should determine the visions and goals of the area's development.⁸ The activity of initiating and supporting entrepreneurship in a commune is a complex process in which it is one of the key elements in activities at the level of local governments. According to some authors, the key are profitable support instruments based mainly on the reduction of fiscal burdens,⁹ however practice does not confirm this theory (including Bruce and Mohsin¹⁰). Others claim that expenditure instruments are the most important.¹¹ It is indisputable that incorrectly-directed streams of expenses not only do not contribute to the development of entrepreneurship but can even harm it, blocking pro-development investment expenditure. By analysing coastal municipalities in Poland and Latvia, we want to check whether the dependencies we have discovered are specific to Poland (and, therefore, dedicated to other factors), or whether the dependencies are determined by the coastal location of the municipalities.

The main reason to focus on these two countries is related to historical conditions and, above all, the status of post-socialist countries that connects them; both countries, compared to other post-communist countries, coped with the processes of political transformation comparably better.¹² These countries joined the European Union at the same time (2004), and have a similar degree of task-related and financial decentralisation,¹³ which indicates their ability to create solutions that stimulate entrepreneurship.¹⁴

7 OECD *SME and Entrepreneurship Outlook 2019*, accessed 9 November 2022. https://www.oecd-ilibrary.org/industry-and-services/oecd-sme-and-entrepreneurship-outlook-2019_34907e9c-en.

8 Danuta Guzal-Dec, Łukasz Zbucki and Agnieszka Kuś, "Good governance in strategic planning of local development in rural and urban-rural gminas of the eastern peripheral voivodeships of Poland," *Bulletin of Geography. Socio-Economic Series* 50 (2020), 50: 101–112, accessed 9 November 2022, DOI: 10.2478/bog-2020-0035.

9 Olga Braziewicz-Kumor and Piotr Bury, "Dochodowe instrumenty wspierania przedsiębiorczości stosowane przez samorzady gminne w województwie świętokrzyskim w latach 2004–2010," *Zeszyty Naukowe Wyższej Szkoły Bankowej w Poznaniu. Finanse publiczne i rozwój przedsiębiorczości w regionach* 38 (2011): 31–34.

10 Donald Bruce and Mohammed Mohsin, "Tax policy and entrepreneurship: New time series evidence," *Small business economics* 26 (2006), 5: 409–425.

11 Anita Richert-Kaźmierska, "Samorządowe inicjatywy na rzecz rozwoju gospodarczego – doświadczenia gmin województwa pomorskiego," *Współczesne Zarządzanie* 1 (2008): 58–59.

12 Janos Kornai, "The great transformation of central Eastern Europe: success and disappointment," in: *Institutional change and economic behaviour*, eds. János Kornai, László Mátyás and Gérard Roland, (London: Palgrave Macmillan, 2008), 1–37; Maciej Baltowski and Tomasz Mickiewicz, "Privatisation in Poland: Ten years after," *Post-Communist Economies* 12 (2000): 425–443, DOI: 10.1080/14631370050216498.

13 Mykola Pasichnyi et al., "The impact of fiscal decentralization on economic development," *Investment Management and Financial Innovations* 16, (2019), 3: 29–39.

14 Robert D. Ebel and Serdar Yilmaz, *On the measurement and impact of fiscal decentralization* (Washington: The World Bank, 2002).

Task decentralisation in Latvia means that the implementation of public tasks delegated to the local level in Latvia resembles that in Poland (although not identical, of course). Similarly, financial decentralisation means the assignment to the lowest local government units of appropriate sources of own income (e.g., local taxes). Both countries are characterised by a comparably high inflow of foreign investments,¹⁵ which proves their attractiveness and development potential, including the potential for entrepreneurship;¹⁶ they are also characterised by a similar level of institutional development.¹⁷ Both countries are located on the Baltic Sea and have a coastline of similar lengths.¹⁸

Measuring the level of local entrepreneurship, we use the World Bank concept, the key indicator of entrepreneurship is the entry factor, defined as the percentage of new enterprises (registered in the current year) in total-registered enterprises.¹⁹ The literature studies about Poland usually focus on single instruments for supporting entrepreneurship,²⁰ or selected groups of instruments;²¹ publications on the issue of entrepreneurship

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- 15 Ołeh Hawryłyszyn, Xiaofan Meng, Marian L. Tupý and Katarzyna Szczypka, *25 lat reform w krajach postsocjalistycznych. Szybkie i głębokie reformy doprowadziły do zwiększenia wzrostu gospodarczego i wolności politycznej* (Warszawa: Forum Obywatelskiego Rozwoju, 2018), accessed 15 December 2022, https://www.case-research.eu/files/?id_plik=5505.
- 16 Maria Kola-Bezka, "Klimat przedsiębiorczości w rozwoju społeczno-gospodarczym regionu-wyniki badania ankietowego Litwy, Łotwy i Polski," in: *Rozwój społeczno-gospodarczy w dobie kryzysu*, ed. Monika Wyrzykowska-Antkiewicz, (Warszawa: CEDEWU 2012): 15–28.
- 17 Adam P. Balcerzak and Michał B. Pietrzak, "Quality of institutional systems for global knowledge-based economy and convergence process in the European Union," *Ekonomia. Rynek, Gospodarka, Społeczeństwo* 42 (2016): 93–106.
- 18 *Coastline - The World Factbook*, accessed: 14 January 2023, <https://www.cia.gov/the-world-factbook/field/coastline/>.
- 19 Leora Klapper and Juan Delgado, "Entrepreneurship: New Data on Business Creation and How to Promote It," *Viewpoint: Public Policy for the Private Sector* 316 (2007), accessed 5 December 2022, <https://openknowledge.worldbank.org/handle/10986/11163>; Zoltan J. Acs et al., "National systems of entrepreneurship," *Small Business Economics* 46 (2016), 4: 527–535; Davia Audretsch and Michael Fritsch, "Growth Regimes over Time and Space," *Regional Studies* 36 (2002), 2: 113–124; Andrzej Klasik, ed., *Przedsiębiorczość i konkurencyjność a rozwój regionalny* (Katowice: Wydawnictwo Akademii Ekonomicznej im. Karola Adamieckiego, 2006).
- 20 Andrzej Sztando, "Gminne instrumenty kształtowania rozwoju lokalnych podmiotów gospodarczych," *Samorząd Terytorialny* 7–8 (1999): 79–108.
- 21 Magdalena Kogut-Jaworska, *Instrumenty interwencjonizmu w stymulowaniu rozwoju gospodarczego* (Warszawa: Wydawnictwo CeDeWu, 2008); Małgorzata Godlewska and Tomasz Pilewicz, "Entrepreneurial activities of local governments in their investment attractiveness context – evidence from Poland," *Local Government Studies* 48 (2022), 3: 590–614, accessed 5 December 2022, DOI: 10.1080/03003930.2020.1842736; Jan Fazlagić, Aleksandra Sulczewska-Remi and Windham Loopesko, "City policies to promote entrepreneurship: A cross-country comparison of Poland and Germany," *Journal of entrepreneurship, management and innovation* 17 (2021), 2, accessed 5 November 2022, <https://jemi.edu.pl/vol-17-issue-2-2021/city-policies-to-promote-entrepreneurship-a-cross-country-comparison-of-poland-and-germany>; Michał Flieger, "Ocena gminnych instrumentów wspierania przedsiębiorczości," *Ruch Prawniczy, Ekonomiczny i Socjologiczny* 1 (2009): 147–167; Tomasz Skica, Jacek Rodzinka and Małgorzata Leśniowska-Gontarz, "Assessment of use and the degree of effectiveness of LGU business support instruments in Poland," *Transformations in Business & Economics* 18 (2019), 3: 272–290; Tomasz Skica and Jacek Rodzinka, eds. *Instrumentalization of entrepreneurship*

support instruments in Latvia that focus on social enterprises²² or generally show entrepreneurship support tools at the disposal of municipalities in Latvia.²³

Noting that research on Poland and Latvia rarely includes an analysis of the effectiveness of instruments supporting economic activity at the same time in several areas of municipal activity, and the research on Latvia does not include such analyses in general; we have defined a research gap in this area. In addition, the literature lacks analyses of entrepreneurial support in coastal municipalities, which further guided our work.

We designed a study to verify the interactions between supporting entrepreneurship at the local level and the dynamics of entrepreneurship observed on the example of Polish and Latvian municipalities. The research question posed: how the activities of coastal local governments of municipal self-governments contribute to the development of local entrepreneurship in Poland and Latvia and how to show which instruments work best, and check if there are similarities between the analysed relationships in Poland and Latvia. A particular added value is the fact that this article presents the results of the analysis of those instruments that are used both in Poland and Latvia. We highlight

support in Poland, Estonia and Slovakia: Local government, central administration and public institutions (Rzeszow-London-Szczecin: Naukowe Wydawnictwo IVG, 2020); Grzegorz Ślusarz and Lidia Kaliszczak, "Przedsiębiorczość lokalna i jej uwarunkowania," *Zeszyty Naukowe Wyższej Szkoły Bankowej w Poznaniu. Mikro-i makroekonomiczne uwarunkowania rozwoju przedsiębiorstw* 61 (2015), 4: 57–72; Iwona Chomiak-Orsa and Michał Flieger, "Próba oceny skuteczności niefinansowych instrumentów wspierania mikroprzedsiębiorczości w gminach," *Zeszyty Naukowe Uniwersytetu Szczecińskiego* 698, *Ekonomiczne Problemy Usług* 81 (2012): 40–48.

- 22 Lasma Dobele and Aina Dobele "Social entrepreneurship development scenarios in Latvia," *Global Business & Economics Anthology* 2 (2013): 274–285; Lasma Licite-Kurbe and Dana Gintere, "Analysis of Financial Support Instruments for Social Enterprises in Latvia," *Rural Sustainability Research* 45 (2021), 340: 76–84, accessed 10 November 2022, DOI: 10.2478/plua-2021-0009; Madara Ūlande and Licite Lāsma, *Social entrepreneurship in Latvia: A brief overview of the current situation*, Social Entrepreneurship Association of Latvia, (2018), accessed 20 November 2022, https://sua.lv/wp-content/uploads/2019/04/LSUA_report_2-ENG.pdf.
- 23 Ramona Rupeika-Apoga and Alessandro Danovi, "Availability of Alternative Financial Resources for SMEs as a Critical Part of the Entrepreneurial Eco-System: Latvia and Italy," *Procedia Economics and Finance* 33 (2015): 200–210, accessed 20 November 2022, DOI: 10.1016/S2212-5671(15)01705-0; Viesturs Zeps, Valdis Avotins et.al., "Pre-incubation and incubation in Latvia: assessment of some critical conditions to establish an efficient incubation cycle." Paper presented at the 4th International Conference Information Society and Modern Business: The role of regional centers in business development, Ventspils, May 2009; Zanda Kalnina-Lukasevica, "Challenges for Economic Growth of Regions in the Baltic Sea Region Case Study of Latvia," *ERSA conference papers. European Regional Science Association* (2011), accessed 21 November 2022, <https://ideas.repec.org/p/wiw/wiwr/ersa11p1729.html>; Meldra Gineite and Anastasija Vilcina, "Development of entrepreneurship as a component of regional policy in Latvia," *European Integration Studies* 5 (2011): 186–191, accessed 5 November 2022, DOI: 10.5755/j01.eis.0.5.1095; Sloka Biruta et.al., "Challenges for SMEs Development in Salaspils Municipality," *Economic Science for Rural Development* 25 (2011): 214–220; Inga Jansone and Irina Voronova, "Risks Assessment of Small and Medium-Sized Enterprises: The Case Of Latvia," *Contemporary Issues in Business, Management and Education* (2012): 91–103, accessed 15 November 2022, DOI: 10.3846/cibme.2012.08; Jānis Ozolins, Armands Veveris and Elita Benga, "The role of EU funds in diversification of rural economy in Latvia," *Research for Rural Development. International Scientific Conference Proceedings* 2 (2015): 154–168.

relationships specific to coastal municipalities that are not evident in the overall analysis of all municipalities.

We draw on the data of 896 Polish municipalities (36% of the total population of municipalities in Poland) and 119 (the entire population) of Latvian local government units at the local level. Within this sample, we surveyed 17 of 55 (31%) Polish coastal municipalities and 17 of 26 (65%) Latvian coastal municipalities. The same questionnaire was used in both countries, this way, 38,417 input data were obtained providing a field for comparisons to assess the effectiveness of analogous solutions used in both countries and their consequences in the form of entrepreneurship dynamics. We used the Mann-Whitney test and a test based on the chi-square statistic to assess the significance of differences in the development of the phenomena under study between the different subgroups of municipalities. In each case, the p-value levels for which the variable under consideration differs in a statistically significant manner in the two groups of municipalities in question are given.

The results of our study show significant differences in changes in the level of entrepreneurship in coastal municipalities compared to other municipalities from the country. We also note that coastal municipalities are far more likely to carry out public-private investments (PPP), solicit new investors, while in the case of coastal Latvian municipalities, a focus on foreign investors is characteristic.

The rest of the paper is organised as follows: in the next section, we present the research concept and the description of the research methods used. In the second section, we show the research results, then we present the practical implications, limitations and directions for future research.

Materials and methods

The questionnaire for the quantitative survey was prepared based on the questionnaire used in the Global Entrepreneurship Monitor, supplemented with questions prepared after an analysis of the literature on the subject. The first survey of this type was conducted in 2015 in connection with the implementation of the project “Supporting Entrepreneurship by Local Government of the Municipal Level.” Based on the experience of earlier surveys, the survey tool was modified to some extent and was used for the present study. The research on entrepreneurship in Poland and Latvia was conducted using a common questionnaire. The questionnaire used in the Polish research was transferred to Latvia, where it was translated into Latvian. Latvian experts removed questions that did not match the system solutions adopted in Latvia. The study analyses only the questions answered by local government units in both Poland and Latvia.

The research was conducted in 2019–2020. The selection of territorial self-government units for the research sample was two-staged; in the first stage, purposeful selection was used (to ensure that the 2015 and 2019 surveys could be compared), including 735 municipalities participating in the Polish edition of the research project Global Entrepreneurship Monitor from 2015. In the second stage, dependent sampling was used, selecting 347 communes from the database of all communes in Poland to provide the sample with the same structure as the actual structure of communes in Poland by type. Taking into account the analysis of the situation and the possibility of effective application, proportional stratified sampling was selected.²⁴ The communes were surveyed using the CAWI/CATI method - the CATI method supplemented the CAWI method for all communes from the pool of 735 which did not send back completed questionnaires correctly (352 communes in total), and was also the basic tool for examining the randomly-selected communes (347 communes). 513 questionnaires were carried out using the CATI method, 84 refusals were noted, and it was not possible to establish contact with 102 entities. As a consequence, the study was conducted among 896 local government units, which resulted in the study of over 36% of the entire population. In line with the adopted assumptions, the structure of the surveyed units was consistent with the structure of the general population (by type of commune). The Ministry of Regional Development of Latvia helped to identify the target audience and distribute questionnaire forms; as a result, representatives of 71 communes (from 119 communes in Latvia) filled in the same questionnaire form. The involvement, in the case of Latvia, of the Ministry of Regional Development, undoubtedly had a positive effect on the so-called returnability of surveys. In the case of Poland, as a result of the traditional way of conducting surveys (supported by CAWI and CATI methods), a return rate of more than 30% should be considered typical in this type of research. However, the statistical tests used in the research process, based on which certain conclusions were drawn, take into account not only the differences in the number of municipalities in Latvia and Poland but also the occurring differences in the levels of questionnaire returnability for both countries.

According to the nomenclature of Eurostat, 55 municipalities forming a coastal area have been distinguished in Poland; coastal area forms 26 counties out of a total of 110 municipalities, 17 coastal municipalities (65.4%) and 53 other municipalities (63.1%) were the subjects of the survey. Such municipalities are not only those directly bordering the sea, but also those with 50% of their area within 10 km of the coastline. With this division defined in this way, the survey was conducted in 17 municipalities in the coastal area (31%) and in 849 municipalities located in the rest of Poland (34.9%). In the case of Latvia, where the coastal area forms 26 counties out of a total of 110 municipalities,

24 Jolanta Kowal, *Metody statystyczne w badaniach sondażowych rynku* (Warszawa: Wydawnictwo Naukowe PWN, 1998).

17 coastal municipalities (65.4%) and 53 other municipalities (63.1%) were the subject of the survey.

The instruments for supporting local entrepreneurship by local self-governments in Poland and Latvia were divided into five groups. The first one referred to spatial planning. Questions included in it were used to determine whether the spatial management conducted by local governments serves to create conditions for entrepreneurship. The second group consisted of six questions relating to cooperation with entrepreneurs (financing economic activity, training, and advisory support, as well as the participation of the private sector in the current investment activities of the surveyed local government units). The third group included financial support instruments (financial sureties and guarantees, fiscal preferences, municipal property management, and tax reliefs applied to newly-established companies). The fourth part of the survey focused on questions related to attracting external investors and funds. The last part of the questionnaire was devoted to a set of eight questions concerning support for non-governmental organisations, including business support institutions. The questions included in the questionnaire were used not only to diagnose the forms of support for the business environment but also made it possible to determine its scale and scope of application.

The World Bank concept (where the key indicator of entrepreneurship is the entry factor, defined as a percentage of new enterprises registered in the current year) in total-registered enterprises does not show entrepreneurship from the point of view of the tendency and ability to establish economic activity assessed through the prism of the human capital potential of a given area, hence, there was used a more fully-meaningful measure in the dynamics of new registrations per the number (1000) of working-age inhabitants of the commune.²⁵ The obtained material was statistically tested in terms of structure and correlation analysis.

The research results presented in this paper are part of a larger project, within the framework of which other in-depth analyses of factors influencing the development of entrepreneurship in local government units in Latvia and Poland were conducted. The purpose of this article, which was to assess how the activities of local governments of coastal municipalities contribute to the development of local entrepreneurship in Poland and Latvia, the different groups of municipalities (coastal and other, in Poland and Latvia), were treated as homogeneous subgroups. This made it possible to identify factors determining significant differences in changes in the level of entrepreneurship in coastal municipalities compared to other municipalities in the country.

25 Ruslan Harasym, Jacek Rodzinka and Tomasz Skica, "The size of local government administration at a municipal level as a determinant of entrepreneurship," *Journal of Entrepreneurship, Management and Innovation (JEMI)* 13 (2017), 2: 5–32; Tomasz Mickiewicz, Jacek Rodzinka and Tomasz Skica, *Lokalne i regionalne czynniki wsparcia przedsiębiorczości. Klasteryzacja, promocja, doradztwo i lokalny kapitał społeczny* (Warszawa: Wydawnictwo C.H. Beck, 2016).

The evaluation of the significance of differences in the formation of the studied phenomena between different subgroups of municipalities was carried out based on the test for two averages or the test for two indicators of structure. Taking into account the size of the studied groups of municipalities, both in the case of Poland and Latvia, the Mann-Whitney test and the test based on chi-square statistics were used in this regard. In each case, the *p*-value levels for which the variable under consideration differs in a statistically-significant manner in the two groups of municipalities in question are given.

Results

Analysing the changes in the number of newly-established businesses (per 1,000 residents) between 2011 and 2020, one can see significantly-greater differences in this regard between coastal and other municipalities in the case of Poland than in Latvia. In Poland, the number of business start-ups fell by an average of 4.19% in coastal municipalities, compared to a decline of 11.75% in the case of the rest of the country (*p*-value=0.137), while in the case of Latvia the differences were considerably smaller, amounting to -11.66% in coastal areas and -14.06% in the rest of the country (*p*-value=0.7826). In contrast, in both countries, the internal variation in changes of newly-established companies was significantly smaller for coastal areas than for the rest of the country. Detailed information on the development of the basic numerical characteristics describing changes in new business start-ups in coastal and non-maritime areas, is presented in Table 1.

Table 1. Selected statistics describing changes in the number of newly-established business entities in 2020, compared to 2011, in different areas of Poland and Latvia [%]

Changes in the number of newly-established business entities	Poland			Latvia		
	Coastal area	Non-sea area	Total	Coastal area	Non-sea area	Total
Average	-4.19	11.75	11.49	-11.66	-14.06	-13.45
Median	-0.62	3.29	3.17	-12.78	-13.81	-13.43
Minimum	-42.92	-63.82	63.82	-47.58	-100.00	-100.00
Maximum	39.48	337.77	337.77	38.41	96.51	96.51
Lower	-17.39	-11.39	-11.82	-21.46	-33.94	-31.83
Upper	9.10	24.44	24.39	-2.12	2.38	0.70
Std. deviation	21.02	38.49	38.31	19.80	34.76	31.53

Source: own study based on Central Statistical Bureau of Latvia, <https://www.csb.gov.lv/en>, accessed 5 November 2022.

The impact on the lowering of the propensity of residents to engage in economic activity may be due to the occurrence of certain differences in the actions taken by the municipalities of the coastal areas compared to other municipalities. These activities can be divided into activities in the area of facilitating economic activity, in the area of supporting industry supporters of such activity, activities in the area of attracting outside investors, or supporting the activities of non-governmental organisations.

In the area of activities facilitating business activities, municipalities located in the Polish coastal area definitely more often informed residents and entrepreneurs about available opportunities for business subsidies through publicly-available brochures and advertisements in the mass media (82% of indications compared to 63% of indications in non-coastal municipalities). In these municipalities, not only are municipal services much more often provided by private entities (76% vs. 58%), but investments are also more often made in the form of public-private partnerships (47% vs. 31%). Public-private partnerships are also significantly more often used in the implementation of investments by Latvian coastal municipalities (56% vs. 28%); on the other hand, in Latvia, these municipalities are far less often involved in the organisation of training courses to prepare for starting and running a business (33% vs. 57%) or introducing preferential tax rates for entrepreneurs on means of transportation (22% vs. 43%). On the other hand, there are practically no differences between the two groups of municipalities in terms of having spatial development plans (about 82% of municipalities in Poland and about 70% in Latvia had such a plan), organising meetings with residents to provide information on possible business subsidies (about 60% of indications in Poland and 85% in Latvia) or training in this regard (35% and 66% of indications, respectively), as well as providing tax breaks to new private entrepreneurs (about 35% of indications in both countries). Detailed information on the actions taken by each group of municipalities in supporting the business activities of private investors is presented in Table 2.

Table 2. Percentage [%] of indications of activities undertaken by Polish and Latvian municipalities in the area related to facilitation of doing business, together with the level of significance of differences of such indications between municipalities of the coastal and non-maritime area

Question	Poland			Latvia		
	Coastal area	Non-sea area	<i>p-value</i>	Coastal area	Non-sea area	<i>p-value</i>
1	2	3	4	5	6	7
Q1	82.35	82.45	0.9917	66.67	69.81	0.8032
Q2	88.24	94.11	0.3127	94.44	98.11	0.4163
Q3	82.35	63.37	0.1069	61.11	60.38	0.9561

1	2	3	4	5	6	7
Q4	58.82	58.89	0.9954	88.89	84.91	0.6747
Q5	35.29	34.63	0.9545	66.67	66.04	0.9611
Q6	58.82	61.25	0.8390	33.33	56.60	0.0880
Q7	47.06	33.57	0.2444	33.33	22.64	0.3676
Q8	76.47	57.71	0.1207	33.33	32.08	0.9215
Q9	47.06	31.21	0.1638	55.56	28.30	0.0365
Q10	23.53	20.73	0.7782	22.22	43.40	0.1099
Q11	17.65	27.33	0.3742	27.78	20.75	0.5378
Q12	35.29	33.33	0.8652	38.89	35.85	0.8171
Q13	23.53	30.86	0.5165	33.33	33.96	0.9611

Q1 - Does the Municipality have a land use plan?

Q2 - Does the Municipality inform residents and entrepreneurs about available funding opportunities (e.g., from EU sources) on the Municipality's website?

Q3 - Does the Municipality inform residents and entrepreneurs on available funding opportunities (e.g., from EU sources) through brochures available at the Municipality office / announcements in the media?

Q4 - Does the Municipality inform residents and entrepreneurs about available funding opportunities (e.g., from EU sources) at meetings organised for that purpose?

Q5 - Does the Municipality inform residents and entrepreneurs about available funding opportunities (e.g., from EU sources) by organising or supporting training on applying for such funding?

Q6 - Does the Municipality get involved in organising training courses on how to start and run a business?

Q7 - Are there any business service centres located in the Municipality that offer legal, financial, and accounting advice, etc.?

Q8 - Are municipal services in the Municipality provided by private companies?

Q9 - Has the Municipality implemented or is it implementing investments in the form of public-private partnerships?

Q10 - Has the Municipality implemented facilitations for business enterprises in the form of preferential transportation tax rates?

Q11 - Has the Municipality made it easier for businesses conducting economic activity in the form of preferential rates for real estate tax?

Q12 - Does the Municipality provide tax relief to new private enterprises?

Q13 - Does the Municipality have a special economic zone?

Source: own study.

In the area of the functioning of industry-oriented entities supporting the activities of private entrepreneurs, both Polish and Latvian local government units making up the coastal areas did not generally differ from the rest of the country in this regard. In the case of Poland, it can only be noted that coastal municipalities were far more likely to indicate that there were chambers of craftsmanship, or industrial and technological parks or business incubators that associated entrepreneurs in their area, while in the case of Latvia, the functioning of associations or foundations supporting entrepreneurs, indicated by 56% of units of coastal areas and 74% of units from the rest of Latvia, can be indicated as a differentiator (see Table 3).

Table 3. Percentage [%] of indications of activities undertaken by Polish and Latvian municipalities in the area of support for industry facilitators of such activities, together with the level of significance of differences in such indications between municipalities of the coastal and non-maritime areas

Question	Poland			Latvia		
	Coastal area	Non-sea area	<i>p-value</i>	Coastal area	Non-sea area	<i>p-value</i>
Q14	35.29	30.39	0.6635	33.33	26.42	0.5729
Q15	23.53	11.07	0.1084	11.11	5.66	0.4349
Q16	29.41	22.61	0.5080	11.11	5.66	0.4349
Q17	23.53	14.13	0.2735	22.22	18.87	0.7573
Q18	23.53	15.19	0.3453	33.33	35.85	0.8469
Q19	35.29	29.45	0.6009	55.56	73.58	0.1530
Q20	23.53	11.78	0.1400	33.33	39.62	0.6349

Q14 - Are there any chambers of commerce or their branches in the area of the Municipality?

Q15 - Are there any chambers of crafts in the area of the Municipality?

Q16 - Are there any guilds of miscellaneous crafts operating within the area of the Municipality?

Q17 - Are there any employers' organisations operating in the area of the Municipality?

Q18 - Are there any regional or local development agencies operating in the area of the Municipality?

Q19 - Are there any associations or foundations supporting entrepreneurs in the area of the Municipality?

Q20 - Are there industrial parks, technology parks, business incubators operating in the area of the Commune?

Source: own study.

In terms of activities carried out to attract new investors, Latvian coastal municipalities are practically no different from municipalities located outside this area. Polish coastal municipalities, on the other hand, indicated significantly more often than other municipalities in this regard the promotion of the municipality's offer at foreign fairs (41% of indications of coastal municipalities and 10% of indications of other municipalities), maintaining websites in a foreign language (29% vs. 12%), offering information and promotional materials in a foreign language (29% vs. 14%), or separating in the organisational structure of the municipality a special cell or position dedicated to serving foreign investors (26% vs. 10%). Detailed information on the actions taken by each group of municipalities to attract new investors is presented in Table 4.

In the case of the area of municipal support for NGOs, both Polish and Latvian coastal municipalities, compared to other municipalities, did not differ much in this regard (see Table 5). In the case of Polish coastal municipalities, they stood out positively compared to the country only in the case of promoting NGOs operating in the area of public benefit (indicated by 82% of coastal municipalities and 63% of other municipalities). In the case of Latvia, coastal municipalities were significantly more likely to provide free-of-charge premises for the statutory activities of such organisations (indicated by 22% of coastal municipalities and only 8% of other municipalities).

Table 4. Percentage [%] of indications of activities undertaken by Polish and Latvian municipalities in the area of attracting new investors, together with the level of significance of differences in such indications between municipalities of the coastal and non-maritime area

Question	Poland			Latvia		
	Coastal area	Non-sea area	<i>p-value</i>	Coastal area	Non-sea area	<i>p-value</i>
Q21	82.35	74.32	0.4521	50.00	33.96	0.2259
Q22	76.47	59.13	0.1493	72.22	83.02	0.3199
Q23	29.41	19.91	0.3328	66.67	75.47	0.4660
Q24	41.18	29.09	0.2786	88.89	94.34	0.4349
Q25	70.59	71.26	0.9517	50.00	41.51	0.5303
Q26	88.24	75.85	0.2360	50.00	49.06	0.9449
Q27	29.41	11.66	0.0258	22.22	32.08	0.4287
Q28	29.41	13.66	0.0637	72.22	67.92	0.7334
Q29	41.18	10.01	0.0000	33.33	33.96	0.9611
Q30	23.53	9.89	0.0654	38.89	52.83	0.3067

Q21 - In order to attract new investors, does the Municipality conduct marketing activities, advertising the Municipality externally?

Q22 - In order to attract new investors, does the Municipality offer assistance in finding vacant land or premises?

Q23 - In order to attract new investors, does the Municipality offer assistance in recruiting and training employees?

Q24 - In order to attract new investors, does the Municipality offer advice, including legal and financial advice?

Q25 - In order to attract new investors, does the Municipality offer one-on-one business registration services?

Q26 - In order to attract new investors, does the Municipality maintain websites?

Q27 - Does the Municipality maintain foreign language websites to attract new investors?

Q28 - In order to attract new investors, does the Municipality offer information and promotional materials in a foreign language?

Q29 - In order to attract new investors, does the Municipality promote the Municipality's offers at foreign fairs?

Q30 - In order to attract new investors, does the Municipality have separate organisational units or positions to serve foreign investors?

Source: own study.

Table 5. Percentage [%] of indications of activities undertaken by Polish and Latvian municipalities in the area of supporting NGOs, together with the level of significance of differences of such indications between coastal and non-maritime municipalities

Question	Poland			Latvia		
	Coastal area	Non-sea area	<i>p-value</i>	Coastal area	Non-sea area	<i>p-value</i>
1	2	3	4	5	6	7
Q31	76.47	73.73	0.7995	22.22	7.55	0.0889
Q32	82.35	75.03	0.4889	27.78	24.53	0.7842
Q33	76.47	72.32	0.7047	83.33	79.25	0.7064
Q34	82.35	63.02	0.1013	61.11	60.38	0.9561
Q35	58.82	47.94	0.3738	72.22	84.91	0.2293
Q36	58.82	54.53	0.7251	83.33	90.57	0.4018

1	2	3	4	5	6	7
Q37	76.47	68.43	0.4796	33.33	39.62	0.6349
Q38	64.71	56.77	0.5131	38.89	47.17	0.5418

Q31 - Did the Authority support non-governmental organisations by providing premises for their statutory activities free of charge?

Q32 - Did the Office support non-governmental organisations by providing materials and equipment?

Q33 - Did the Authority support NGOs by informing NGOs about sources of extrabudgetary funds?

Q34 - Did the Authority support non-governmental organisations by promoting non-governmental entities working in the field of public benefit?

Q35 - Did the Authority support NGOs by assisting NGOs in establishing domestic and international contacts?

Q36 - Did the Authority support NGOs by providing assistance in establishing NGOs?

Q37 - Did the Authority support NGOs by appointing an NGO contact person at the Authority?

Q38 - Did the Authority support NGOs by patronising NGO activities?

Source: own study.

Making a direct comparison between coastal municipalities located in Poland and Latvia, it can be concluded that in terms of the tools used aimed at the development of local entrepreneurship, these entities generally act in a similar manner. As areas in which these municipalities differ in a statistically-significant way ($p\text{-value} < 0.1$), we can point out the separation of a special unit for servicing foreign investors (such activities were indicated by 24% of Polish municipalities and 39% of Latvian municipalities), offering promotional and informational materials in a foreign language (29% and 72% of indications, respectively), promoting the municipality's offer at foreign fairs (41% and 33%) and the creation and operation of a special economic zone in the municipality (24% and 33%). As differentiating factors between the two countries, one can still point to the scale of informing residents and entrepreneurs about available opportunities for business funding through publicly-available brochures in municipal offices or advertisements in the mass media (82% and 61%), the operation of chambers of crafts in the municipality (24% and 11%), and support for NGOs by helping them establish domestic and international contacts (59% and 72%). Detailed information on the differences between coastal areas in Poland and Latvia is presented in Table 6 (Appendix 1).

Conclusions

Nationwide trends (for all municipalities) in the use and effectiveness of entrepreneurship support instruments are not reflected in coastal municipalities. The level of entrepreneurship, expressed in terms of the number of new enterprises in the total number of registered enterprises in 2020 compared to 2011, is glaringly different in Poland and Latvia. While Poland records an average increase in entrepreneurship of 11.49%, Latvia shows a decline of 13.45%. At the same time, both countries show a decrease in this value in coastal municipalities. It should be noted that in the coastal municipalities in Poland the decrease is recorded, despite the overall increase in the level of entrepreneurship.

The conclusions of our analysis confirm the research assumptions, according to which the specifics of coastal municipalities determine their development (see Meyer,²⁶ Parzych,²⁷ Rudewicz,²⁸ Szaja²⁹). The characteristic conditions of coastal municipalities are confirmed, among other things, by the much more frequent use of PPP in the implementation of investments by coastal municipalities compared to other municipalities in both countries.

Despite the greater intensity of activities leading to attracting new investors by Polish coastal municipalities, promotional and pro-investment activities undertaken by them, there is a decline in the level of entrepreneurship in these municipalities in Poland. It may be a partial effect of the COVID-19 pandemic, which affected the functioning of the tourism industry (more in: Hasanach,³⁰ Zouni³¹). On the other hand, in Latvia, although nominally there is a decline in the level of entrepreneurship in coastal municipalities, it is lower by 2.4% than the decline in the non-coastal area. By comparison, in Poland, the decline in coastal municipalities is 15.94% compared to municipalities outside the area. Such large differences in the level of entrepreneurship show that Polish coastal municipalities should take inspiration from the way Latvian coastal municipalities operate.

The results of our research showed exactly which instruments are used more often in Latvian municipalities than in Poland; this can be an important indication in terms of strengthening specific initiatives in Polish coastal municipalities. Finding a municipality with similar development potential, where the level of entrepreneurship is higher, and learning from its experience, knowledge and good practices, should be the practice of local decision-makers.

This issue is an interesting aspect of future research, which may be extended to all the Baltic countries to analyse certain correlations even better. On the other hand, the authors of the study are aware that the specific timing of the pandemic may have disrupted certain other pro-entrepreneurial processes. However, it seems that when the coastal municipalities in Latvia fared much better, despite the unpredictable conditions of the pandemic, it is worth learning from their experiences and good practices.

26 Beata Meyer, "Zmiany w wielkości i strukturze bazy noclegowej w gminie Rewal w latach 1988–2002," *Zeszyty Naukowe Uniwersytetu Szczecińskiego* 439, *Ekonomiczne Problemy Turystyki* 6 (2006): 173–191.

27 Parzych, "Wykorzystanie," 45–51.

28 Rudewicz, "Wpływ," 139–151.

29 Marta Szaja, "Analysis and evaluation of socio-economic development of coastal municipalities in the West Pomeranian Voivodeship," *Procedia Computer Science* 207 (2022): 3530–38, accessed 10 January 2023, DOI: 10.1016/j.procs.2022.09.412.

30 Anggita Wijaya, Karuniawati Hasanah and Linda Sari, "Covid Impact on Tourism Profit and Cash Holding," *Journal of Business and Management Review* 3 (2022): 470–84, accessed 10 January 2023, DOI: 10.47153/jbmr37.4132022.

31 Zouhaïer M'Chirgui, "Dynamics of R&D Networked Relationships and Mergers and Acquisitions in the Smart Card Field," *Research Policy* 38 (2009), 9: 1453–67, accessed 11 January 2023, DOI: 10.1016/j.respol.2009.07.002.

Appendix 1

Table 6. Percentage [%] of positive responses to questions related to entrepreneurial support activities by coastal municipalities in Poland and Latvia

Question	Coastal area in Poland	Coastal area in Latvia	<i>p-value</i>
1	2	3	4
Q1 - Does the Municipality have a land use plan?	82.35	66.67	0.9917
Q2 - Does the Municipality inform residents and entrepreneurs about available opportunities for subsidizing activities (e.g., from EU sources) on the Municipality's website?	88.24	94.44	0.3127
Q3 - Does the Municipality inform residents and entrepreneurs about available opportunities for business financing (e.g., from EU sources) through brochures available at the office / through advertisements in the mass media?	82.35	61.11	0.1069
Q4 - Does the Municipality inform residents and entrepreneurs about available opportunities for subsidizing activities (e.g., from EU sources) at meetings held with interested parties for this purpose?	58.82	88.89	0.9954
Q5 - Does the municipality inform residents and entrepreneurs about available funding opportunities (e.g., from EU sources) by organizing or supporting training on applying for such funds?	35.29	66.67	0.9545
Q6 - Is the Municipality involved in organizing training to prepare for starting and running a business?	58.82	33.33	0.8390
Q7 - Are there any business service centers located in the Municipality that offer legal, financial, and accounting advice, etc.?	47.06	33.33	0.2444
Q8 - Are municipal services in the Municipality provided by private companies?	76.47	33.33	0.1207
Q9 - Has the Municipality made or is it making investments in the form of public-private partnerships?	47.06	55.56	0.1638
Q10 - Are facilities being introduced in the Municipality for businesses doing business in the form of preferential transportation tax rates?	23.53	22.22	0.7782
Q11 - Are facilities being introduced in the Municipality for business enterprises in the form of preferential property tax rates?	17.65	27.78	0.3742
Q12 - Does the Municipality give tax breaks to new private companies?	35.29	38.89	0.8652
Q13 - Is there a special economic zone in the Municipality?	23.53	33.33	0.0654
Q14 - Are there any chambers of commerce or their branches in the Municipality?	35.29	33.33	0.6635
Q15 - Are there any chambers of crafts in the Municipality?	23.53	11.11	0.1084
Q16 - Are there guilds of miscellaneous crafts in the Municipality?	29.41	11.11	0.5080
Q17 - Are there any employer organizations in the Municipality?	23.53	22.22	0.2735

1	2	3	4
Q18 - Are there any regional or local development agencies in the Municipality?	23.53	33.33	0.3453
Q19 - Are there associations or foundations supporting entrepreneurs in the Municipality?	35.29	55.56	0.6009
Q20 - Are there industrial parks, technology parks, business incubators in the Municipality?	23.53	33.33	0.1400
Q21 - In order to attract new investors, does the Municipality conduct marketing activities, advertising the Municipality externally?	82.35	50.00	0.2243
Q22 - In order to attract new investors, does the Municipality offer assistance in finding vacant land or premises?	76.47	72.22	0.4521
Q23 - In order to attract new investors, does the Municipality offer assistance in recruiting and training employees?	29.41	66.67	0.1493
Q24 - In order to attract new investors, does the Municipality offer advice, including legal and financial advice?	41.18	88.89	0.3328
Q25 - In order to attract new investors, does the Municipality offer a personalized service for business registration?	70.59	50.00	0.2786
Q26 - In order to attract new investors, does the Municipality maintain websites?	88.24	50.00	0.9517
Q27 - In order to attract new investors, does the Municipality maintain websites in a foreign language?	29.41	22.22	0.2360
Q28 - In order to attract new investors, does the Municipality offer information and promotional materials in a foreign language?	29.41	72.22	0.0258
Q29 - In order to attract new investors, does the Municipality promote the Municipality's offers at foreign fairs?	41.18	33.33	0.0637
Q30 - In order to attract new investors, has the Municipality set aside organizational units or positions to serve foreign investors?	23.53	38.89	0.0000
Q31 - Has the Authority supported NGOs by providing premises for their statutory activities free of charge?	76.47	22.22	0.5165
Q32 - Has the Authority supported NGOs by providing materials and equipment?	82.35	27.78	0.7995
Q33 - Has the Authority supported NGOs by informing NGOs about sources of extra-budgetary funding?	76.47	83.33	0.4889
Q34 - Has the Authority supported NGOs by promoting nongovernmental entities working in the area of public benefit?	82.35	61.11	0.7047
Q35 - Has the Authority supported NGOs by providing assistance to NGOs in establishing domestic and international contacts?	58.82	72.22	0.1013
Q36 - Has the Authority supported NGOs by providing assistance in establishing NGOs?	58.82	83.33	0.3738
Q37 - Has the Authority supported NGOs by appointing a contact person in the Authority for NGOs?	76.47	33.33	0.7251
Q38 - Has the Authority supported NGOs by patronizing NGO activities?	64.71	38.89	0.4796

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SUMMARY

Municipalities play a particularly important role, including in creating appropriate living conditions and organising the proper functioning and development of the economy. Taking into account the specifics of coastal municipalities, we verify how the activities of coastal municipal governments contribute to the development of local entrepreneurship in Poland and Latvia.

Based on the results of the survey, 38,417 input data were analysed, giving room for comparisons to assess the effectiveness of analogous solutions applied in both countries and their consequences in the form of entrepreneurial dynamics.

The results of our study indicate significant differences in changes in the level of entrepreneurship in coastal municipalities compared to other municipalities from the country. We also note that Polish coastal municipalities are far more likely to carry out PPP investments and solicit new investors, while Latvian coastal municipalities are characteristically oriented towards foreign investors.

Zakres stosowania i skuteczność instrumentów wsparcia przedsiębiorczości stosowanych przez gminy nadmorskie w Polsce i na Łotwie

Słowa kluczowe: przedsiębiorczość lokalna, gminy, rozwój lokalny, wsparcie samorządu, samorzady nadmorskie

STRESZCZENIE

Gminy pełnią szczególnie ważną rolę, m.in. w tworzeniu odpowiednich warunków życia oraz organizowaniu prawidłowego funkcjonowania i rozwoju gospodarki. Uwzględniając specyfikę gmin nadmorskich, sprawdzamy, jak działania samorządów gmin nadmorskich przyczyniają się do rozwoju lokalnej przedsiębiorczości w Polsce i na Łotwie.

Na podstawie wyników badania przeanalizowano 38 417 danych wejściowych, dając pole do porównań w celu oceny skuteczności analogicznych rozwiązań stosowanych w obu krajach i ich konsekwencji w postaci dynamiki przedsiębiorczości.

Wyniki naszego badania wskazują na istotne różnice w zmianach poziomu przedsiębiorczości w gminach nadmorskich w porównaniu do pozostałych gmin z kraju. Zauważamy również, że gminy nadmorskie zdecydowanie częściej realizują inwestycje w ramach partnerstw publiczno-prywatnych, zabiegają o nowych inwestorów, podczas gdy łotewskie gminy nadmorskie są charakterystycznie zorientowane na inwestorów zagranicznych.

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