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**The impact of LEADER Programme on entrepreneurship and employment in the context of multifunctionality of rural areas.
A case study of UE peripheral region (Lublin voivodeship, Poland)**

Guzal-Dec, Danuta; Zwolińska-Ligaj, Magdalena

Pope John Paul II State School of Higher Education in Biała Podlaska,
Sidorska 95/97, 21-500 Biała Podlaska, Poland

* Correspondence: danuta_guzal-dec@wp.pl



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The impact of LEADER Programme on entrepreneurship and employment in the context of multifunctionality of rural areas. A case study of UE peripheral region (Lublin voivodship, Poland)

Guzal-Dec Danuta¹ ; Zwolińska-Ligaj Magdalena²

1. Pope John Paul II State School of Higher Education in Biała Podlaska, Sidorska 95/97, 21-500 Biała Podlaska, Poland, e-mail address: danuta_guzal-dec@wp.pl
2. Pope John Paul II State School of Higher Education in Biała Podlaska, Sidorska 95/97, 21-500 Biała Podlaska, Poland

Abstract:

The aim of the study is to describe the role of the LEADER program in creating entrepreneurship and employment in the Lublin voivodship. In order to achieve this, the following hypothesis was used: local action groups (LAG) operating in rural areas of the Lublin Region contribute to the creation of social activity, but create insufficient jobs and entrepreneurial incentives. The study used document analysis and diagnostic surveys with an interview questionnaire addressed to representatives of the offices of all 22 LAGs from the studied region. The results revealed the small scale of projects aimed at the development of non-agricultural functions in rural areas, and an insufficient involvement in the implementation of projects in the bio-economy sector, which is the key smart specialization of the region. We conclude that the examined LAGs' overall role in creating jobs should be assessed as average, but that they create an important local platform focused on stimulating social activity.

Key words: LAGs, LDSs, social activity, multifunctional development

1. Introduction

The Lublin region is located in the border zone, in the Polish Eastern macro-region. It is a region showing the lowest level of economic development in Poland and one of the lowest in the EU. Polish accession to the EU has enabled external financial support for development. The changes are visible but the dynamic of the changes in rural peripheral areas is still so low. Different kind of resources of rural areas of Lublin Region (especially natural and human) can, while maintaining the principles of sustainable development, be involved in the creation of a regional smart specialization such as bioeconomy. This requires, however, initiating the process of sustainable and innovative use of the natural valuable assets and resources in environmental management processes. This, in turn, will be possible with the occurrence of the capacity of local communities to innovate and cooperate in taking up economic activities (Guzal-Dec and Zwolinska-Ligaj, 2015; Guzal-Dec, 2016a).

Rural areas of the Lublin region display a number of characteristics typical of peripheral areas. Spatial peripherality is accompanied by economic and socio-demographic peripherality. In terms of the economic dimension, a particular problem is the monofunctional character of the rural economy, a significant proportion of which is the agricultural production function. As a result of this phenomenon, development processes display slow dynamics. The challenge for regional development policy is therefore, to stimulate the multifunctionality of rural areas.

Literature emphasizes that the market mechanism itself does not correct the backward regional economic structure, and that positive developmental effects can be achieved by mobilizing the internal potential of the peripheral areas, with the support of public authorities. This support should be directed at stimulating the grass-roots factors, by incentivizing peripheral areas (Leszczewska, 2010, p. 223). In the case of these regions, Insufficient human and social capital resources in these regions do not allow for the initiation of socio-economic development processes to establish the correct trajectory of development and the appropriate use of economic resources. It is therefore necessary to create conditions to increase the resources of social and human capital in this area (Becla and Czaja, 2014, p. 28). The Leader initiative offers such opportunities.

One of the main tasks the Leader Programme and its Local Action Groups (LAGs) face is to strengthen social capital and animating local communities in order to increase the level of involvement of citizens in the economic development of their area. The Leader approach is seen as a paradigm shift oriented to the social and cultural construction of the

territories' institutional capacities (Dargan and Shucksmith, 2008; Labianca et al., 2016), whose application has had a significant impact on the governance of predominantly rural European regions. Besides commonly emphasized in the literature contribution of the LEADER initiative to the creation of social capital, it also allows to generate effects in the area of improving the situation in rural labor markets.

A very important element of the Leader Programme is Local Development Strategy (LDS). The implementation of LDSs in the period 2007-2013 had been creating opportunities for job creation mainly as part of the actions such as „Creation and development of micro enterprises", „Diversification into non-agricultural activities” and as part of the so-called „Small projects". Apart from creating jobs, the Leader Programme supports other activities aimed at the broad support of entrepreneurship in rural areas. Beneficiaries receive support for organization of training, research of local markets of goods and services, promotion of local entrepreneurship, starting up production and marketing of goods and services based on local resources, traditions and heritage.

The aim of the study was to describe the role of the Leader Programme in creating entrepreneurship and employment in the Lublin voivodeship. In order to achieve the aim, the following hypothesis was used: the LAGs operating in rural areas of Lublin Region contribute to the creation of social activity, but insufficiently create jobs and entrepreneurship's attitudes.

The study focuses on the following research questions:

1. what is the scale of the need of creating non-agricultural labor markets in the rural areas of studied region ?
2. to what extent the LAGs contribute to the creation of new entities? In which areas are these entities being formed?
3. are the LAGs an important factor in the development of entrepreneurship and job creation processes?

2. Theoretical Framework

The Leader initiative is based on the economic development model for rural areas called: “Community-led rural development theory”. This model, as presented in the paper „Rural regions in the EU: exploring differences in economic development” identifies “a main precondition for generating and sustaining economic development in rural regions: the existence of community capacity to function effectively on a self-help basis. (...) The community-led rural development theory focuses on the strengthening of the self-help

capacity of local actors, which is considered to be a major precondition for establishing and sustaining local economic development. Partnerships and adjustments of the institutional structures are seen as the main tools in the process of capacity building” (Terluin, 2001). Leader has been recognised as “an attempt to substitute hierarchical intervention with a system characterized by endogenous, territorial approaches to rural development based on network relationships” (Kováč, 2000).

The functioning of LAGs under Leader Programme can be identified as a model example of cooperation, the essence of which is to run the local potential of human resources (human, social, relational capital) aimed at identifying and mobilizing utilization (by definition, in an innovative way) of resources in the local development processes. The neo-endogenous development mechanism can be initiated by LAGs starting to use internal resources and external financial support from the EU (Guzal-Dec, 2016b).

The neo-endogenous development concept stressed the potential important role of using of local resources in the development process. Such approach to development is a modified version of the endogenous approach which stresses that local development should be based on internal factors specific to the given region and the potential of the given community. The concept of neo-endogenous development assumes that individual areas can shape their development policies through appropriate control of external interventions. The essence of the neo-endogenous mechanism of development is the participation of the representatives of local communities both in the formulation and the implementation of a development strategy, in cooperation with supra-local social entities (Adamski, 2008). So, as stressed Bosworth at al. (2016) “neo-endogenous rural development depends on bottom-up activities that integrate external influences to increase local potential. This local focus calls for local knowledge, local resources and engagement of local people to be central to development processes”.

We can observed that rural development theory has oscillated from top-down, exogenous model/attitude to wholly endogenous approaches and now increasingly locally-led approaches characterized by mixed endogenous-exogenous attitudes (van der Ploeg and van Dijk, 1995; Terluin, 2001, 2003; Adamski, 2007; Shucksmith, 2010; Gkartzios and Scott, 2014; Bosworth at al., 2016).

Research to date pointed out positive as well as negative outcomes to Leader Programme. As stressed e.g. Bosworth at al. (2016) measuring and understanding how “added value” is generated is problematic (Implementation of..., 2010; Elliott, 2010; Raport..., 2012)

with purely economic measures showing relatively low job creation¹ and high costs per job created (Ecosgen, 2011; Krieviņa at al. 2015). By contrast, evaluations that have focused on the wider benefits of Leader have been more positive as the value as the creation of social capital (e.g. Nardone et al., 2010; Lafleur and Merrien, 2012; Teilmann, 2012; Anderson et al., 2014; Guzal-Dec, 2014) and a range of non-economic outcomes for rural communities (Nembhard, 2014; Bosworth at al., 2016). Furthermore in the light of the national evaluation reports and another examinations, in it has been argued that although the measurable economic effects of Leader interventions may be small, their impact can make a real difference to local communities (e.g. Raport, 2012; Krieviņa at al., 2015; Bosworth at al., 2016).

3. Methodology and Data

The aim is to be achieved with the use of literature analysis and empirical studies. The study used document analysis and diagnostic survey with an interview questionnaire addressed to all representatives of the offices of 22 LAGs from the studied region. The average size of the area of surveyed LAGs was 1085 kilometers square (standard deviation – 482.73) and the average number of residents reached 62119.50 (standard deviation – 28091.13)².

The survey was addressed to respondents with the most complete knowledge about the functioning of the LAG - their presidents or heads of offices. The survey research were conducted by telephone interview. The research material consists of 20 questionnaire interviews (examined was 0.9% of all the groups operating in the region). Questionnaire contained 17 questions, including 8 open questions. Time range of survey concerned the period 2007-2013. The survey was carried out between June and July 2016. The results are presented in a form of selected elements of descriptive statistics and graphic form using tables and graphs. The presentation of the results of research uses the following measures of descriptive statistics: arithmetical mean, standard deviation, coefficient of variation, minimal and maximal value, mode, skewness.

¹ For Latvian example as it was examined in practice, the implementation of the LDS in 2007-2013 period was not balanced: at the planning level, priorities and activities of LDS widely cover entrepreneurship development, though among the implemented projects economy related projects account for only about 18% of the total approved financing. Most of LEADER projects have been implemented to facilitate the development of infrastructure related to active recreation and quality leisure time as well as culture and sports (Krieviņa at al., 2015).

² Data of the Central Statistical Office as at the date 31st December, 2013.

The background of empirical research on the characteristics of rural areas carried out in the studied region is based on public statistics data. In particular, the characterization of the process of transformation of economic and social functions in rural regions was focused on rural communities and rural areas of rural-urban municipalities, in a study period between 2004 and 2014. In this way, the scale of the need to create non-agricultural labor markets in the rural areas of the region in question could be determined.

The study included eight functions of rural areas. These functions were arranged within a general division between agricultural functions and non-agricultural production function (bio-production; agriculture, forestry and techno-production; industry and construction) and services. Due to the validity of including within the study of non-economic functions of rural areas, and in addition to features such as tourism and leisure or housing (sleeping function), the study included such non-agricultural service functions as development and protection of the natural landscape, and the development and protection of the cultural landscape.

The separation of the function types in rural areas in Lublin covered a set of twenty diagnostic variables, arranged in eight groups that measure socio-economic function of rural areas. The variables included in the study were characterized by the ability to discriminate between the functions of the studied units and an acceptable level of correlation with each other, and that their construction was possible for the years 2004 and 2014. The values of the 20 variables were set for 171 rural communities and 22 rural-urban and rural municipalities of the Lublin voivodship for 2004 and 2014³. The next action related to the standardization of the twenty diagnostic variables and the calculation of eight mean averages of the standardized coefficients assigned to each function. Thus, prepared variables were the basis for the taxonomic grouping of the surveyed units by the k-means method. The existence of five clusters was assumed, and the selection of observations was made in a way meant to maximize the distance of the clusters.

The characteristic of rural areas of Lublin voivodship, including the potential of their economic and social functions, aimed at determining the degree of diversification of the local economy, was based on an analysis of k-means clustering. Using this method allowed for the isolation of internal relatively homogeneous criteria, in terms of the five clusters (groups) of territorial units – types of municipality functions – adopted for the analysis for 2004 and

³ Due to limited access to data, the rural areas of: Łaszczów, Modliborzyce and Rejowiec were excluded from the study.

2014. This approach made it possible to record trends influencing the local economy in the context of the transformation of their functional structures.

The analysis of variance showed that, with the two separated groupings, all variables were significant in the division of the surveyed areas to individual clusters. In the case of the grouping based on data from 2004, the most important variable was tourism: $F = 98.19$, natural and cultural landscape: $F = 49.24$ and $F = 49.10$, respectively, and industry: $F = 48.88$. In the case of the grouping data for 2014, the most important variable was tourism: $F = 200.00$, industry: $F = 54.20$, and services: $F = 45.08$.

4. Results

4.1. Characteristics of the rural areas of the Lublin voivodship from the perspective of their economic and social functions

The grouping of data for 2004 revealed the following types of functional structure: production and residential, agricultural, tourism-forestry, forestry-protective, and mixed. This analysis revealed that the dominant type of functional structure of the studied areas was farming, covering 53.16% of units. The agricultural type was made up of municipalities with a dominant agriculture function in the structure of their economies, and was the most well developed, compared to other types of functions. These types of municipalities were also characterized by a low intensity of non-agricultural activities. The weakest developed sector, in comparison to other groups, was industrial production. The state of development of service functions should be described as average, while tourism functions should be assessed as weak. The relatively clear monofunctionality of the economic structure was accompanied by low level development of the residential function. Municipalities representing the agricultural type do not play an important role in shaping and protecting the natural and cultural landscape. This situation was linked with the characteristic of this group, the level of forestry development – the lowest compared to the others – defined by its small capacity and low efficiency.

The production and residential type, characteristic for 23.16% of the units, involved municipalities and rural-urban municipal areas with a highly diversified economy, in which an important role was played by the industrial sector. These units were also strong in the housing sectors. They were characterized by the most developed industrial production and a well-developed service sector, with weak development of tourist services. Very well-developed techno-productive and service functions were accompanied by an average growth of bio-productive functions, associated with local natural resources. In these units, the forestry function was also present, with an average development of agricultural production function.

The smallest contribution from these area units, compared to other types of areas, was to the formation and protection of the natural and cultural landscape.

The third group, representing 17.89% of the units, was made up of territorial units representing a mixed type, with fairly evenly developed economic functions. The degree of development of agricultural and non-agricultural functions should be considered sustainable. In these units, functions such as agriculture, forestry, industry, and tourism were developed at an above-average level, compared to the others. The most developed in this group were the service functions and shaping of the cultural landscape. The least developed was the housing function.

Other separated types displayed close connections with the natural wealth of their areas. In comparison with others, the isolated forest-protection type, representing 3.68% of the total units, was characterized by the highest contribution to the development of the natural landscape and an advanced development of forestry functions. The weakest developed functions, compared to others, were the agricultural production and services functions. The tourism function was relatively well developed, but less than in developed municipalities with strong tourism and recreation functions, yet still much higher than for other units. The industry function was also fairly well developed. The forest-protection type, characterized by weak development of the residential function, made a distinct contribution to shaping the cultural landscape.

The last and least represented type – tourism and forestry – representing 2.11% of the units, consisted of municipalities with a prominent tourist profile, and a much-diversified economy structure associated with the development of the industrial function. Characteristic of rural areas of this type was a quite well-developed forestry function and their significant contribution to the formation and protection of the natural and cultural landscape. Agricultural functions are not of vital importance in these areas. The status of the development of service functions is weak, but with well-developed residential functions, compared to other functions.

Therefore, at the beginning of the decade studied, there is a clear picture of rural Lublin's voivodship areas being dominated by units of agricultural functions. Local economic structures, however, are subject to evolution, and based on data from 2014, designated functional types of the studied territorial units have shown differences in relation to the types based on data from 2004.

The most represented separated type of functional structure was the mixed type, which included 34.74% of the studied units. This type was formed by territorial units with fairly evenly developed economic functions, of which the slightly more advanced were bio-

productive functions such as agriculture and forestry; and less developed were the non-agricultural functions, such as industry, tourism and services. A low level of development was observed in this group in relation to functions of contribution to the development and protection of the natural and cultural landscape and housing. In comparison to 2004, cultural functions and services had clearly decreased.

The agricultural type included 31.05% of units and characterized territorial units with the highest level of development in the agricultural function, as compared with other entities, and played the highest role in the development and protection of cultural landscape. In comparison to 2004, there has been a significant development of this function. The state of development of services should be regarded as inadequate. The relatively poorly diversified economic structure is evidenced in the least-developed industrial functions, and weak development of tourism and housing. In addition, the agricultural type was characterized by low-level development in the natural landscape and protection function as well as in forestry.

The forestry-production type with a participation of 17.37% was formed by territorial units with highly developed – highest, in comparison with other types – industrial and forestry functions and, at the same time, clearly developed protection and natural landscape functions. The weakest developments compared to other types, were in the service and agricultural functions. The housing function is quite underdeveloped, and there is only an average development of tourism and the protection of the cultural landscape functions. In this group of units with predominantly productive functions, forestry plays a supplementary role. In the grouping based on data from 2004, the dominant production function was accompanied by housing.

In comparison to other separated types, the service and residential type were represented by 15.26% of territorial units and were characterized by a high degree of development of service, residential and industrial functions. Bio-production—forestry and agriculture functions—were very poorly developed, with tourism at an average level. At the same time, these units were characterized by weak development of the shaping and protection of the natural and cultural landscape. In 2004, there were no units with such highly developed services to provide favorable conditions for housing and jobs in the non-agricultural sector.

The tourism type was represented by three municipalities (1.58% of the sum total), with an outstanding tourism profile and, at the same time, compared to other units, had the most developed function in the development and protection of the natural landscape. These areas offered fairly good conditions for the development of the residential function. Agriculture and forestry were poorly developed. There was a notable development of the

industrial function. The service functions – market-related and those associated with the formation and protection of the cultural landscape – were at an average level. In relation to the situation in 2004, a noticeable progressive specialization of this type of unit in tourism, and a strengthening of the functions of protection and development of the natural landscape, could be observed.

The functional structure of the surveyed rural areas underwent dynamic changes. The most affected were the units representing, in 2004, local economy structures based on agriculture. Only 39.60% of them maintained the existing economic structure, with the remaining units subject to transformation into diversified and further function structures. There was noticeably, a clear revival of the cultural dimension in these units. Almost half (46.53%) of them were transformed into mixed structures, while the remainder were changing to production-forestry, services, and residential types (Table 1).

Table 1. Types of structure functions of rural areas of the Lublin voivodship and their transformations within the period 2004–2014

Types of structures separated in years:	
2004	2014
Production-residential type (44) →	Service-residential type (21) →
	Production-forestry type (9) →
	Mixed type (14) →
Agricultural type (101) →	Production-forestry type (8) →
	Service-residential type (6) →
	Agricultural type (40) →
	Mixed type (47) →
Tourism-forestry type (4) →	Production-forestry type (1) →
	Tourism type (3) →
Forestry-protective type (7) →	Production-forestry type (6) →
	Agricultural type (1) →
Mixed type (34) →	Production-forestry type (9) →
	Service-residential type (2) →
	Agricultural type (18) →
	Mixed type (5) →
	Service-residential type (29)
	Production-forestry type (33)
	Agricultural type (59)
	Mixed type (66)
	Tourism type (3)

Source: own report based on the results of the study on functional infrastructure of Lublin's voivodship in rural areas

Units representing the production-residential type displayed a tendency toward a strong development of the service sectors and almost half of them (47.73%) were transformed into the service and residential type – the remainder, into the mixed and production-forestry type.

It is characteristic that units of the mixed type tended towards function specialization. For more than half of them (52.94%), agriculture became the dominant function, while 26.47% of the units have evolved in the direction of the production-forestry type.

Units of the forest-protection type tended to develop the production function (6 of them), or the intensification of the agricultural function (1), while units of the tourism and

forest type were subject to transformations in the direction of specialization and the development of the tourism function (3 units), or focus on the development of the forestry production function (1).

In conclusion of the process of transformation of the functional structures of the surveyed rural territorial units in the period 2004–2014 outlined above, a progressive process of diversification of rural areas must be noted. It was associated with a clear decrease in the number of units with an outstanding dominance of the agricultural function and development of the non-agricultural economic functions of the studied areas. Particularly noticeable was a clear development of service functions, production functions associated with the occurrence of forestry, and strengthening of tourism in units where previously, it had been strongly noted. These positive processes will require further transformations, involving the development of local economic structures with equally advanced economic functionalities, with indications towards further development of the non-agricultural sector and the increasing role in the area of social functions related to the protection and shaping of the natural and cultural landscape.

Expansion of the functional structure of rural areas must take into account the problem of their environmental values. In the case of areas representing significant ecological potential we should take care of the more comprehensive use of their functional potential which consists of economic and social functions (Zwolińska-Ligaj, 2015a, p. 74, Zwolińska-Ligaj 2015b).

4.2. The role of Local Action Groups in social and economic activation of local systems

4.2.1. LAG forming

LEADER is a very popular program for rural areas in the Lublin region. During the period 2007–2013, all rural and urban-rural communes were affiliated to LAGs (Katalog LGD..., 2012). At the 31.10.2016 22 in Lublin region 22 LAGs have functioned ⁴.

As indicated by LAG heads, the interest in forming particular LAGs varied. By far the greatest interest in all tested LAGs was displayed by the local government sector, and local authorities most often initiated the formation of LAGs. The least interest was shown by farmers and the non-agricultural population (mean score below 3). The interest in LAG membership among entrepreneurs was average. The LAGs that were studied varied to a great extent (the coefficient of variation was approximately 0.4) in terms of their involvement in shaping the local community (farmer and non-agricultural population) (Table 2).

Table 2. Assessment of interest in forming LAGs in particular groups of local population (N=20)

⁴ <http://www.ksow.pl> (10.05.2016).

Local population groups	Measures of descriptive statistics			
	Arithmetic average	Standard deviations	Dominant	Variation coefficient s/x*100%
Local government authorities	4.65	0.65	5	0.13
Non-government organizations	4.15	0.85	4	0.21
Entrepreneurs	3.00	1.00	4	0.25
Non-agricultural population	2.70	1.19	3	0.40
Farmers	2.65	1.11	3	0.37

Source: own study based on research; evaluation scale (0–5), where 0 = lack of interest, and 5 = very high level of interest

Among the reasons for low interest of the social and economic sector in LAG participation, more than half of the respondents (55.56%) indicated lack of knowledge and information on the functioning of local action groups, operating principles and benefits offered by the actions undertaken by LAGs. For almost one-third of respondents (27.78%), the reasons were embedded in overlooking real benefits or conditions for implementation of projects perceived as unattractive. The remainder pointed to shortages in free time of potential candidates, mostly entrepreneurs.

A notable lack of interest in LAG participation among the local community and enterprises did not cause any particular difficulties in appointment and development of groups. A vast majority of the surveyed groups (92.86%) had not observed such difficulties. A few respondents indicated difficulties resulting from, among other things, the expenditure of resources, the need to shift resources to other activities, retaining appropriate proportions of sectoral approach in appointing Councils for the evaluation of proposals.

4.2.2. Activity in the projects realization area

The LAGs studied, were characterized by a high level of variation in activity within the scope of project realization applications within the realization of LDSs (Table 3).

Table 3. The number of accepted applications (that is, passed on to the Marshal's Office) as divided into scope of support from start of enrollment (N=20)

Scopes/areas of support		Descriptive statistics measures				
		Arithmetic means	Standard deviation	Max value	Min value	Variation coefficient s/x*100%
Diversification towards non-agricultural activity	Number of accepted applications	10.11	4.74	22	4	1.19

Formation and development of micro-enterprises	Number of accepted applications	7.63	5.47	20	1	1.82
Renewal and development of rural areas	Number of accepted applications	30.84	21.13	84	4	0.92
Small projects	Number of accepted applications	159.11	87.95	370	48	0.61

Source: own study based on research

As for the number of successful applications, the surveyed LAG activity was the most diverse in areas of support related to creation of jobs in rural areas, such as the creation and development of micro-enterprises, and diversification into non-agricultural activities. In addition, the positive value of the skewness meter indicated that most of the LAGs demonstrated lower than the arithmetic mean activity in applying for funding under this actions. It has been shown, therefore, generally low level of activity in the implementation of projects aimed at creating new jobs.

Each of the four areas of support had a similar level – about 70% – of indications of failure by LAGs to implement all anticipated projects, and thus, in each of these areas, only about 30% of the LAGs managed to accomplish (raise funds for) all the planned projects. The least favorable situation was in the area of "creation and development of micro-enterprises", where only the smallest number of submitted projects received support and were implemented (Table 4).

Table 4. Percentage indication of failure to realize projects by LAGs, per support areas (N=20)

Scopes of support	% indication (LAGs), which had not realized all assumed projects
Diversification towards non-agricultural activity	73.00
Creation and development of micro-enterprises	77.00
Renewal and development of rural areas	68.00
Small projects	73.00

Source: own study based on research

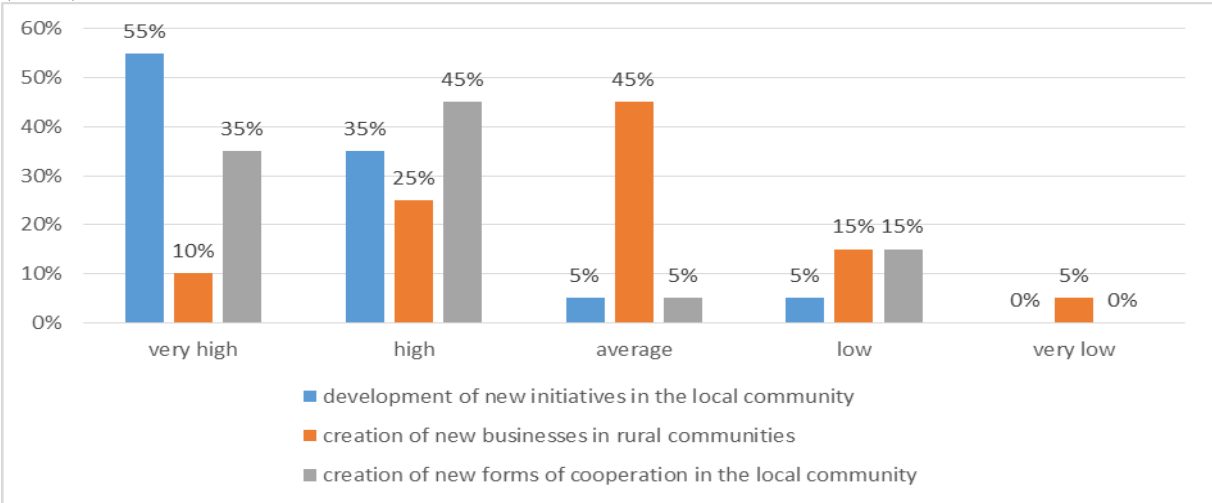
The respondents indicated that among the main reasons for not realizing all the projects, were the negative formal ratings of applications at various stages (42.86%), and the withdrawal of applicants (39.29%), mostly due to complicated formalities and prolonged final evaluation of applications. Other causes were associated with frequent regulatory changes in the Marshal's Office, hindering the application process, and failure by the applicants to commence project realization because they regarded the conditions of a project's implementation as unfavorable.

The implementation of projects aimed at creating jobs, according to the vast majority of respondents, was associated with a variety of difficulties. Only 8.69% of respondents did not see any difficulties. The main issues were the requirements for substantial financial resources in the establishment of such projects (indicated by 28.57% of respondents). The requirements relating to the minimum number of jobs created and the need to maintain them (23.81%), were the conditions generally perceived as unfavorable (14.29%). Added to which was the lack of willing participants, or applicants' resignations (9.52%), and bureaucracy (4.76%). Simultaneously carried out studies indicate that in comparison to the previous outlook, perspective 2014-2020 applicants from outside the local government sector show a much higher activity.

4.2.3. Role of LAGs in local development

It should be noted that the LAG impact on local development made by the groups' representatives, achieved the highest rates (total of 90% indications for the greatest impact, with an average rating of 4.4) in the development of new initiatives in the local community. They also created new forms of cooperation in the local community (80% indications for the greatest impact, with an average rating of 4.0). An average level (35% indications of high impact, and 45% of an average impact) of 3.2 was ascribed to the LAGs' impact on the creation of new businesses in rural communities. It is important to note that none of the LAGs studied had shown a failure to influence the process of local development in the areas analyzed (Diagram 1).

Diagram 1. Assessment of LAG influence on local development in terms of individual/select areas of influence (N=20)



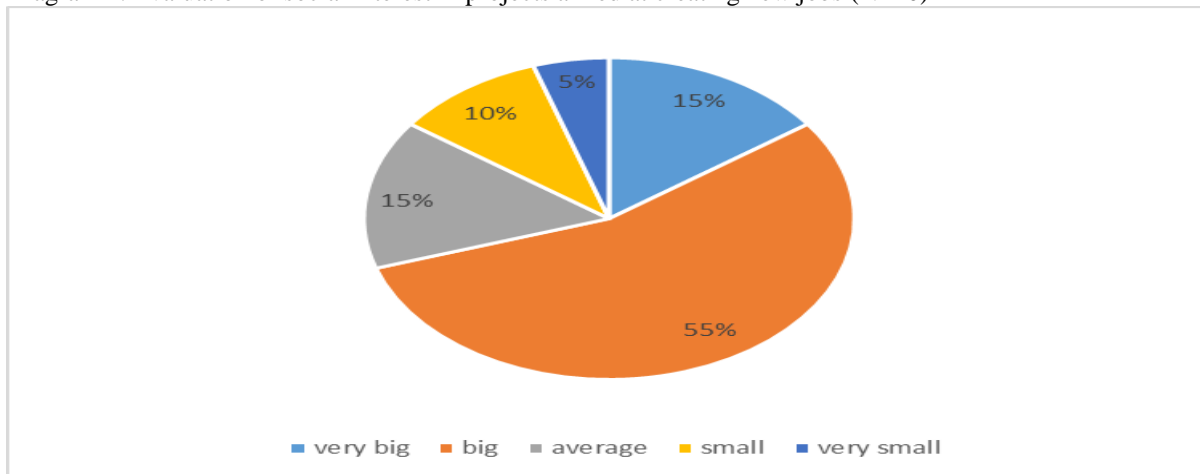
Source: own study based on research

The research results regarding the assessment of LAG impact on local development in Lublin voivodship allow therefore, the conclusion that the LAGs' overall role in creating jobs

should be assessed as average, but that they create an important platform focused on stimulating local social activity.

Considering the impact of LAGs on the creation of jobs, it should be noted that, most frequently, the studied LAGs show a great level of interest in social projects aimed at creating new jobs (average of 3.65 on a scale of 0–5) (Diagram 2).

Diagram 2. Evaluation of social interest in projects aimed at creating new jobs (N=20)



Source: own study based on research

Since the establishment of the surveyed LAGs, an average of 13 jobs (statistical deviation 8.41) was created in each of the groups. The number of jobs created in each group ranged from 2 to 34.

Under the measure “Diversification into non-agricultural activities”, as in the case of the total number of LAGs operating in Poland (Raport 2012, pp. s. 16-18), jobs were created mainly in the following types of production: services for agricultural farms or forestry, tourism and sports-related services, recreation and leisure, and services for the population and construction and installation services (Table 5). The structure of the surveyed micro-enterprises, created by LAG activity, is similar, but does not accurately reflect the structure of activity in this area of the total number of LAGs in Poland (Raport..., 2012, 16-18). In the Lublin voivodship, most micro-enterprises established, were in the tourist services and services for the population sectors, in the case of the general LAGs structure in Poland this order is reversed.

Table 5. Structure/Completed contracts under the measure “Diversification into non-agricultural activities” and „Creation and development of micro-enterprises” (N=20)

Types of economic activity	Types of measures	
	Diversification into non-agricultural activities	Creation and development of micro-enterprises
Services for farms or forestry	47.56	5.43

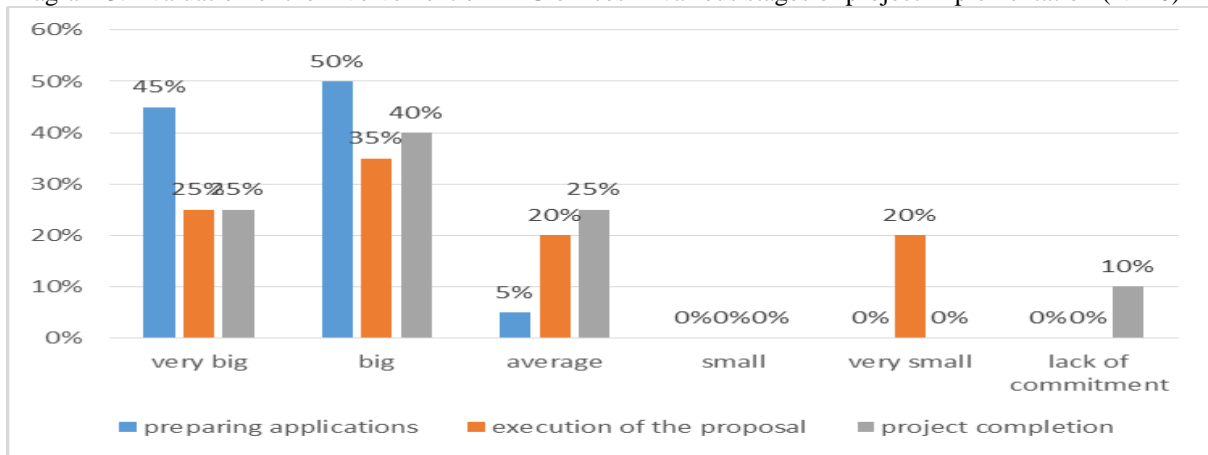
Services to the public	15.24	21.74
Wholesale and retail	1.22	11.96
Crafts or handicrafts	-	6.52
Construction and construction and installation services	3.05	6.52
Tourism services, and services related to sports, recreation and leisure	29.88	40.22
Transportation services	-	-
Municipal services	0.61	-
Processing of agricultural products and edible forest products	1.22	1.09
Warehousing and storage of goods	2.11	3.26
Production of energy products from biomass	-	1.09
Accounting, consulting and IT services	-	2.17

Source: own study based on research

Thus, it has been shown how small the scale of projects aimed at the development of non-agricultural functions of rural areas is. Involvement of LAGs in the implementation directory of projects in the bio-economy sector, which is the key to smart region specialization, should be assessed as insufficient. The jobs under the measure “diversification into non-agricultural activities” were created mainly in services for farms and forestry. The surveyed LAGs facilitated diversification of economies mainly in the development of the tourism sector. However, the involvement of LAGs in the diversification of economic activities through the development of sectors outside agriculture, constituting the core of the concept of the bio-economy, was insufficient. Especially problematic is the shortage of activities in areas such as the processing of agricultural products and edible forest products and the production of energy products from biomass. These sectors also showed small-scale formation of micro-enterprises.

The representatives of the Lublin voivodship LAGs were actively involved in helping project originators in the implementation of projects, mainly in the form of advisory support regarding the conditions of possible support within the LAG framework, help in establishment, and ongoing consultations. This activity was usually of an individual character and was organized in the event of needs reported by the applicants. Support for project originators was declared by 75% of the surveyed group representatives (Diagram 3).

Diagram 3. Evaluation of the involvement of LAG offices in various stages of project implementation (N=20)



Source: own study based on research

The involvement of LAG offices in helping applicants to realize their projects was revealed mainly at the stage of preparing applications – the respondents have identified it as large (average rating of 4.40 on a rating scale of 0–5, where 0 means no activity and 5, a very strong commitment). A slightly smaller involvement was shown in other phases of project realization – proposal acceptance and project completion, which was defined as above average (respectively – 3.45 and 3.6). Similar conclusions, indicating the fundamental role of LAGs in aiding beneficiaries at the application stage and lesser commitment to the next stages of the project is presented in the report „Raport..., 2012” (p. 39).

The small scale of application of the innovation criterion in evaluating projects for support under LAG is worrying. This criterion, potentially important in stimulating innovation in local economies, was applied only in the case of 35% of the groups.

Therefore, the results obtained in terms of LAGs’ impact on local development are consistent with the conclusions of the assessment report on the functioning of local action groups implementing local development strategies within the PROW 2007-2013 (Raport...2012, p. 7). The conclusions indicate, among other things, that the weakest part of the LEADER program is the concept of innovation, which is not clearly defined, and which is understood differently by individual participants. Moreover, bureaucratic procedures may lead to rejection of innovative projects at the level of evaluation carried out by the Marshal’s Office.

The role of LAGs in local development should also be considered from the perspective of their impact on the development of local entrepreneurship in the dissemination of knowledge and skills in this area. In the case of more than half of the LAGs (60%), activity

was shown to consist of organizing courses/training aimed at the development of local entrepreneurship. Lack of activity on the part of the groups studied, in the organization of courses/training in entrepreneurship, was explained by the operation in the immediate vicinity of numerous institutions that specialize in supporting enterprise development (2 groups) or the lack of such needs on the part of group members (2 groups). The remainder (4), which did not organize training or courses, stressed their intensive activity in organizing training aimed at registering applications and at developing economic activities.

5. Conclusions

1. Analyses of the economic functions of rural areas in the Lublin voivodship performed in 2004, demonstrated the dominance of the agricultural function. During the studied 2004–2014 period, the rural region under consideration revealed an ongoing process of development in non-agricultural sectors of the economy and an increased number of territorial units with a diversified functional structure, able to provide jobs in rural areas. These positive processes will require further transformations involving the development of local economic structures, and finding a balance between agricultural and non-agricultural functions, and equally developed non-agricultural economic functions. There is also a need to develop social functions related to the protection and shaping of the natural and cultural landscape. Such an approach, in line with the principles of multi-functional and sustainable development, could become an important factor in the development of rural labor markets.

2. The study of LAGs' operations in Lublin voivodship in the period between 2007–2013 and their impact on the development of entrepreneurship and job creation in rural areas revealed that:

- The LAGs contribution to the creation of new entities should be assessed as small. Most of the studied LAGs demonstrated a lower than average activity in applying for funds aimed at the creation of new jobs. One of the issues raised related to the creation of jobs in the Leader Programme (resulting from the complexity of procedures) was the withdrawal of the applicants. Another reported problem was the difficulty to ensure the sustainability of jobs created. These difficulties were mentioned in the context of the difficult conditions for business development created by national legislation. Created jobs insufficiently diversified structures of local economies and the most common were created without taking into account the criterion of innovativeness of planned projects. Particularly, small was the scale of projects aimed at the development of non-agricultural functions of rural areas. LAGs' projects were created mostly in industries such as services for farms or forestry, services to the public, tourism services, and services related to sports, recreation and leisure. Otherwise, projects too

rarely were focused on the development of various areas of production. It should also be noted that involvement of LAGs in the implementation of projects in the area of the bioeconomy, which is the key smart specialization of the region should be assessed as insufficient.

- LAG's overall role in creating jobs should be assessed as average, but this could be due to the generally difficult conditions for the development of entrepreneurship in rural areas. LAGs' activity in supporting of rural entrepreneurship should be assessed positively. LAGs provide critical support for applicants at each stage of projects aimed at creating new jobs (but mainly in the preparatory phase). LAG also play an basic role in the dissemination of knowledge and skills in the area of entrepreneurship. It is desirable to intensify advisory support from LAGs at every stage of the projects and their greater involvement in entrepreneurial training, and procedures for obtaining financial resources.

- Hypothesis used in the study was verified positively: LAGs operating in rural areas of the Lublin region contribute to the creation of social activity, but create insufficient jobs and entrepreneurial incentives.

3. Completed studies indicate that in comparison to the previous outlook perspective 2014-2020 applicants from outside the local government sector show a much higher activity. Proposed solutions for the perspective 2014-2020 to a greater extent, prefer non-agricultural entrepreneurship and diversification of sources of income for the rural population, including the development of processing and, more broadly – non-agricultural sectors related to the bioeconomy. This suggests that in the current term (2014-2020) LAGs will become a stronger factor in creating the positive changes in local economies.

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