The aim of this publication is to look at the problems of Polish rural areas from the perspective of the young generation of researchers, to show what problems they are interested in and what study methods and techniques they use to describe the phenomena occurring in Polish villages. The results of their studies were also presented to underscore the importance of these phenomena for the development of knowledge concerning the dynamic transformations in Polish rural areas. The Authors represent different fields of study (sociology, ethnography, economy and geography) from renowned academic centers such as University of Lodz, Institute of Rural and Agricultural Development, Polish Academy of Sciences (IRWIR PAN) in Warsaw, Life Science University of Poznan, Technical University in Warsaw, Institute of Urban Development in Krakow, and Maria Grzegorzewska University. What they have in common is interest in the problems of rural areas and their residents. They focus on the new model of rural development, very often identified with concepts such as multifunctional and sustainable development, on social innovation, the subject of transformations in rural residents’ social roles, including rural women serving public roles, as well as on the strategies of coping with the reality used by residents of marginalized villages. The articles introduce the Readers to selected problems of development of Polish rural areas and help them to understand their complexity.
THE CHANGING ROLE OF SMALL TOWNS AS SALES AND SUPPLY MARKETS FOR RURAL HINTERLAND

Introduction

The role of small towns as a development facilitator for rural areas has been under constant change, with the deepest and most far-reaching having been observed over the past three decades (Allen & Weber 2007; Mitchell 2008; Besser 2009; Halseth & Meiklejohn 2009). Similarly to metropolitan or rural areas, small towns are influenced by globalisation, outsourcing of service and manufacturing jobs to low-wage countries, industrialisation of agriculture, large-scale economic and functional changes, increasing social inequalities, service restructuring and negative demographic tendencies (Kresl & Singh 1999; Falk & Lobao 2003; Jażewicz 2006; Halseth & Ryser 2007; Besser 2009) as well as threats stemming from the deterioration of the natural environment and landscape changes, although the latter are usually not so intense as in heavily urbanised regions. Many small towns have successfully adapted to the ongoing socio-economic transformations, taken on new challenges and assumed new roles (Brennan et al. 2005), whereas others are in crisis, being unable to take advantage of the new opportunities, experiencing absolute decline and relegation to ”ghost town” status (Mattson 1997; Collits 2000; Nel et al. 2011). Unfortunately, unlike rural and metropolitan areas, small towns are often not considered a policy issue by decision-makers, and so they are not regarded as a priority concern in national and regional policies and development strategies (Simon 1992; Harrison-Mayfield 1996; Collits 2000). In the traditional view, decision-makers and politicians commonly trivialise the multi-directional and multi-faceted relationships between small urban centres and neighbouring rural areas, assuming that these only concern production and trade. According to Lindley, “policy recognition for this ‘middle ground’ between the sparsely populated rural agenda and that of the city/metro region has been insufficiently developed to date” (Lindley 2009: 4).

Hence there is a pressing need to support the socio-economic revival of struggling small towns through local empowerment, reinforcement of endoge-
ous small-town resources, social capital and civic engagement and, as a result, to enhance linkages between them and their rural hinterland. There are a number of reasons to strengthen the external functions of small towns, among which the following should be mentioned: the maintenance of cultural identity, protection of the agricultural sector (or primary activities in general) as well as the integration and coherence of local systems in various aspects (Vaishar 2004; Heffner 2005; Bole & Nared 2009; Zamfir et al. 2009). At the same time, the aim of building “strong, coherent local communities”, which often comes up in the present debate on the future of rural areas (Barker & Selman 1990; Morris et al. 2001), must take into consideration the complexity of relationships between the social, economic and environmental spheres. This could definitely foster the introduction and fulfilment of the idea of sustainable development of small towns and their rural hinterland. With decent institutional support, the new way of thinking about towns (including the redefinition and reconfiguration of local resources) as well as the regeneration of distinctive values and characteristics that they still retain (local jobs, the low level of deterioration of the natural environment, often good access to open and green spaces, and, at the same time, the opportunity for a tranquil and non-stressful life) (Paquette & Domon 2003; Aguiar et al. 2005; Heffner 2005; Heffner & Solga 2006; Spasić & Petrić 2006; Borcz et al. 2009), may turn out to be the main factor that attracts both external investors and new inhabitants, and in the longer perspective could become a solid foundation for the revival of small urban centres.

In light of the above, the main objective of the paper was to assess the significance of small towns as sales and supply markets for rural businesses. It was a qualitative study merely of the existing economic linkages established by rural enterprises (excluding farms) and their counterparts as well as public institutions, farms and individual consumers from small towns. The main source of statistical data was statements and opinions provided by rural business owners in direct interviews.

**Economic linkages between small towns and the rural hinterland**

Small towns have traditionally been seen as an integral part of a well-functioning agricultural sector, and more generally of the rural economy (Heffner 2005; Li & An 2009; Mayfield et al. 2005; Zamfir et al. 2009). They constituted an important source of inputs for agriculture and (because of the nearby location and relevant facilities) the primary “natural” place for processing agricultural output as well as the place for rural households to purchase everyday consumer goods and basic services. There is therefore no doubt that urban-rural (small town-rural hinterland) relationships have not been one-way (entirely from towns towards the surrounding countryside), but have been based on the two-way flows of human, material and immaterial resources.
Small towns can still play a role of “transmitters” at least for some rural products (raw materials, agricultural produce, other goods and services offered by farms and rural enterprises) which eventually reach external markets – regional, national and international. At the same time, services and processed goods, including imported products, are distributed in the opposite direction. These flows also include population movements, either daily commuting (to work, school and of other purposes, i.e. less frequently use of services and related facilities) or permanent or temporary migrations. Flows of information mainly include the data on job offers/opportunities in a small town and also market tendencies, ranging from changes in the prices of products and services up to consumer expenditure patterns and preferences. In turn, the components of capital flows are usually funds from/to migrants to/from their relatives living in rural areas or as a result of commercial transactions or loans and credits (financial support) to rural people from urban financial institutions. These types of relationships have their own spatial dimension and consist of overlapping mutual flows between economic sectors and distinct industries, both at the household and enterprise levels (including farms and non-agricultural businesses). The “transmitter” function also includes the spread of ideas, innovations, consumption patterns, behaviour, lifestyles and other “added” values created in urban centres/key growth poles (Hinderink & Titus 1988; Pedersen 1997). In some types of functional regions and economies, small towns constitute an important link in the diffusion of innovations, thus enabling and facilitating the dissemination of “novelties” in rural areas. One can therefore regard a small town as a “meeting place” of rural and urban/metropolitan economic activities (usually from outside the region) (Xuza 2006).

According to many researchers, small towns are still a significant labour market for the rural non-farm population (Rondinelli 1988; Gaile 1992), or act as its services centres, thereby reducing the dynamics of rural exodus (depopulation) and alleviating its negative socio-demographic effects (Hinderink & Titus 1988; Ebrahimzadeh et al. 2012). The concept of “urban functions in the rural development” (Rondinelli & Ruddle 1978; Belsky & Karaska 1990) has made a significant contribution to the perception of small towns as the primary places to provide services and facilities for their rural surroundings. According to this idea, the most effective and most rational spatial policy was based on the integrated and sustainable urban system as well as on the (urban) settlement hierarchy. In this approach, the urban network of small, medium-sized and large centres was described as “[...] ‘locationally efficient’ – it allows clusters of services, facilities and infrastructure that cannot be economically located in small villages to serve a widely dispersed population from an accessible central place” (Satterthwaite & Tacoli 2003: 12).

1 This view, however, has been questioned by researchers claiming that low consumption rate by farms, rural residents and enterprises is rather the result of social inequalities (disparities in income and earning ability between urban and rural people), more than of poor access to services and goods (Hardoy & Satterthwaite 1986; Pedersen 1997; Simon 1992).
Small centres can also play a significant role in boosting agricultural production, which, in consequence, leads to an increase in rural incomes associated with the primary sector. What induces the growth, efficiency and quality improvement in production is the town residents’ demand for agricultural output and their supply of means of production (inputs for farming activity). At the same time, the increase of rural incomes contributes to stimulating the demand for “urban” goods and services, which in turn boosts and develops the economy of small towns. Among other symptoms, this is reflected in rising employment and income levels of town residents (Hinderink & Titus 1988; Evans 1989; Simon 1992). Another positive effect of the close economic relationships between small towns and their rural surroundings is that farmers (and their families) tend to invest income generated from the sale of agricultural produce in some non-farm activities, such as setting up their own business in the nearby small town (Van den Bos & Helmsing 1998; Hoang et al. 2008; Satterthwaite et al. 2010).

Numerous advantages, including the well-developed technical infrastructure, business environment, institutional support and the size and professional quality of local labour resources as well as cooperation opportunities and many stable linkages with important urban nodes or, in general, external markets favour this as a location of economic activity.

In recent years, the scope and strength of relationships between small towns and their rural hinterland have been significantly changed by the processes of social, economic and cultural transformation on the global, regional and local scale, including the progressive decline in agricultural production together with a reduction of employment in the entire primary sector (Champion 1989; Marsden et al. 1993; Dewar 1994; Courtney et al. 2007, 2008). As an exemplification of the effects of the loss in farm production one may observe a significant decrease in the level of consumption of goods and services by the (mostly agricultural) rural population (Heffner 2005). The liberalisation of trade and production, resulting in the increased availability of cheap imported foodstuffs, has created new patterns of consumption among urban and rural populations. It has led to small family businesses using traditional, low-efficiency technologies and simple means of production being crowded out from the local market. In the opinion of some researchers, involving local economies in supply chains at the national and international levels, can in turn take place more or less spontaneously, but most often it can occur without the participation of “transmitters” – e.g. (the nearest) small town (Altman & Rosenbaum 1975; Pedersen 1997; Tacoli 1998; Owusu 2005). As a result, the “small town-rural area” relationships are weakened in favour of the direct “large city/metropolis-rural area” linkages.

Transport and communication, which were once one of the main city-forming factors, along with the development of modern information technology have enabled the new spatial mobility patterns to emerge. These consist, at least, of rural residents’ increased access to some external trade and service markets
The Changing Role of Small Towns as Sales and Supply Markets…

(e.g. in regional centres, central nodes, metropolitan and suburban areas). In turn, the new patterns of mobility have made it possible for rural people, who have begun to have easier access to the wider range and high quality of products and services at more competitive prices, to follow new consumption preferences. This has resulted in by-passing small towns in favour of urban nodes ranked higher in the urban hierarchy (Hinderink & Titus 2001). In addition, wholesale trade and distribution centres in major cities or in their more easily accessible surroundings create favourable conditions for the sale of agricultural produce on a larger scale (by satisfying the needs of a bigger and wealthier market). The small towns are bypassed not only by individual consumers but also by large companies, who have numerous trans-regional or trans-national linkages and are looking for locations for new branches, offices etc. (Evans 1992). The weakening of the socio-economic relationships between farming/rural and small-town communities undermines the foundations of well-functioning local systems (including small towns and their immediate rural surroundings). As a result, it threatens economic liveliness and diminishes social resilience within the local systems.

Studies on small urban centres confirm the thesis that their prosperity greatly depends on the character of the area being serviced (e.g. rural hinterland), which at the same time significantly influences the development possibilities of exogenous/supra-local functions of a small town. It is assumed that the scope of functional diversification of a small town depends on the development level and economic performance of its rural surroundings, not the reverse (Hinderink & Titus 1988; van den Bos & Helmsing 1998), and that “especially small towns, if it concerns manufacturing and services, focus mainly on meeting the needs of the surrounding countryside, rather than on the service of their own, minor communities” (Chądzyńska 2005/2006). Thus small towns’ provision of external/supra-local activities and services providers falls under the concept of exogenous or non-basic functions used in economic base theory. According to its key assumptions, urban development (including small urban centres) which is reflected in a town’s prosperity and, consequently, in boosting the development of its rural surroundings, depends on the growth and diversification of exogenous functions, although its persistence depends on endogenous/supplementary (locally oriented) economic activities.

Research concept

The research concept and its methodological framework generally refer to the UE project “The Role of Small and Medium-sized Towns in Rural Development” (MARKETOWNS) conducted partly in the Institute of Rural and Agricultural De-
development of the Polish Academy of Sciences from 2001 to 2004 within the 5th Framework Programme\(^2\).

For obvious reasons, the scope of this study was more limited, given that the main research objective – to assess the significance of small towns\(^3\) for rural businesses – has been retained, but existing economic relationships were considered in a less comprehensive and detailed way, and examined using for simpler technique. It was a qualitative study of merely the existing economic linkages established by rural enterprises (excluding farms) and their counterparts as well as public institutions, farms and individual consumers from small towns. What is particularly important is that the attention was only on the (frequency of) incidence of individual and commercial customers/consumers from small towns in the spatial structure of trading partners, without taking into account the economic dimension of the relationships examined, i.e. in terms of the amount of money or the amount of goods or services sold/purchased.

The main source of statistical data was the statements and opinions provided by rural business owners in direct interviews. The interviewees were asked to identify places of provenance (names of towns, cities and communities) of their suppliers (enterprises supplying raw materials, commodities and means of production, or other goods and services), consumers (individual and commercial customers who bought the goods and services offered) and cooperators. Respondents aimed to indicate five locations of the main suppliers, consumers and cooperators. In this way it was possible firstly to obtain the (spatial) structure of trading partners of the enterprises surveyed, and secondly, to define the position of small towns in the network of economic relationships as well as to make an assessment of their significance for rural areas as far as sales, supply and cooperation markets are concerned.

Besides the examination of economic linkages, it was of a particular importance to demonstrate how research results (respondents’ statements and views) differed/were influenced by some selected key variables, including business owners’ basic socio-demographic characteristics (age, education), enterprise charac-

\(^2\) “The aim of this project was to focus on the role that small and medium-sized towns play in rural development and to measure the economic linkages between such towns and the surrounding countryside, in order to assess their present and potential role as growth poles” (Mayfield et al. 2005: 1). The research project was based on identification and measurement of economic relationships in terms of flows of goods, services and labour resources between farms, non-agricultural enterprises as well as farm and non-farm households in a sample of small and medium-sized towns and their surrounding countryside. Thus it was possible to make comparisons between the degree of local economic integration of different types and size of towns, farms, firms and households located in the communities surveyed.

\(^3\) In Poland the most commonly used upper threshold value for the category of small towns is 20 000 inhabitants (Parysek 2002; Kwiatek-Soltyś 2004; Zuńska-Żyśko 2007), although other thresholds – of 5 000 (Chojnicki & Czyż 1989; Szymańska 1992; Kierunki Rozwoju Obszarów Wiejskich 2010) and 10 000 people (Szlachta 1980; Bagiński 1998) – also appear in scientific papers, policies and strategic documents at various territorial levels.
teristics (size – number of employees, business industry), business location characteristics (region, administrative status of the community, size of the settlement) and other additional factors.

![Spatial distribution map](map.png)

**Figure 1.** Spatial distribution of communities and small towns surveyed (according to size) in the “Green Lungs” region of Poland

*Source: own study*

The survey of 284 local entrepreneurs (owners and co-owners of non-agricultural businesses) in 19 selected communities in north-eastern Poland, in the “Green Lungs” functional region (Figure 1) was carried out in May and June 2009. The main criterion to select the population surveyed was the business/industry (according to Polish Classification of Economic Activities (PKD)), thus it was possible to apply the stratified sampling method in order to reflect the existing structure of business entities in all the communities surveyed.

**Results**

In light of the research outcomes, small towns considered as trading partners, were of a minor importance for rural enterprises, given that only 28.9% of the surveyed mentioned small urban centres as one of the supply, sales or cooperation markets (see Table 1). Sales of goods and services to individual and commercial
Table 1. Economic relationships between rural enterprises and their individual and commercial customers as well as suppliers and cooperation partners located in small towns

<table>
<thead>
<tr>
<th></th>
<th>Sales to small towns</th>
<th>Purchases in small towns</th>
<th>Cooperation with small towns</th>
<th>All kinds of relationships with small towns (sum of relations)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
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<tr>
<td>Enterprises in total</td>
<td>52</td>
<td>18.3</td>
<td>41</td>
<td>14.4</td>
</tr>
<tr>
<td>I. Enterprise/business location</td>
<td></td>
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<tr>
<td>Administrative status</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Rural</td>
<td>18</td>
<td>8.7</td>
<td>29</td>
<td>14.0</td>
</tr>
<tr>
<td>Rural-urban (semi-urban)</td>
<td>34</td>
<td>44.2</td>
<td>12</td>
<td>15.6</td>
</tr>
<tr>
<td>Region</td>
<td></td>
<td></td>
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<tr>
<td>Mazowsze</td>
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<tr>
<td>Podlasie</td>
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<td>15.8</td>
<td>18</td>
<td>15.8</td>
</tr>
<tr>
<td>Warmia &amp; Mazury</td>
<td>27</td>
<td>22.3</td>
<td>22</td>
<td>18.2</td>
</tr>
<tr>
<td>Settlement</td>
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<tr>
<td>Central village</td>
<td>35</td>
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<td>15</td>
<td>9.0</td>
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<tr>
<td>Other village</td>
<td>17</td>
<td>14.5</td>
<td>26</td>
<td>22.2</td>
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<tr>
<td>II. Enterprise characteristics</td>
<td></td>
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<tr>
<td>Size (number of employees)</td>
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<tr>
<td>Micro (1–9)</td>
<td>41</td>
<td>17.4</td>
<td>37</td>
<td>15.7</td>
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<tr>
<td>Small (10–49)</td>
<td>11</td>
<td>26.8</td>
<td>4</td>
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<tr>
<td>Medium (50–249)</td>
<td>–</td>
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<tr>
<td>Economic profile (according to the Polish Classification of Economic Activities (PKD))</td>
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<tr>
<td>Forestry, fishing</td>
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<tr>
<td>Production, processing</td>
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<td>16.7</td>
<td>7</td>
<td>19.4</td>
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<td>Construction</td>
<td>2</td>
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<td>4</td>
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<td>Wholesale and retail trade</td>
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<tr>
<td>Transport</td>
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<tr>
<td>(education, health care,</td>
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<tr>
<td>Other</td>
<td>10</td>
<td>21.7</td>
<td>9</td>
<td>19.6</td>
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<tr>
<td>Owner’s opinion</td>
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<tr>
<td>about enterprise</td>
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<td>current economic situation</td>
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<tr>
<td>Gets better</td>
<td>14</td>
<td>19.2</td>
<td>12</td>
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<td>Gets worse</td>
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<td>11.2</td>
<td>10</td>
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<td>(according to the owner’s</td>
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<td>opinion)</td>
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<td>Other reasons</td>
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III. Entrepreneur’s characteristics

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<td>Mobile working</td>
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<td>20.2</td>
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<td>Yes</td>
<td>17</td>
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<td>4.0</td>
<td>31</td>
<td>40.8</td>
</tr>
<tr>
<td>No</td>
<td>35</td>
<td>16.8</td>
<td>22</td>
<td>10.6</td>
<td>3</td>
<td>1.4</td>
<td>51</td>
<td>24.5</td>
</tr>
</tbody>
</table>

Source: own study.
customers (e.g. enterprises, public institutions, farms etc.) were declared by only 18.3% of respondents, while supplies of raw materials, goods, technologies and services by 14.4%, and cooperation with the small towns’ companies – by only 2.1% of the surveyed.

Among all types of surveyed relations, the strongest were those which, at least theoretically, have the most beneficial influence on rural enterprises and, in a wider perspective, on local economy: the flow of goods and services to the small town and the flow of funds/capital resources towards rural enterprises/areas. Thus, through providing external customers/markets with goods and services, rural businesses not only increase their income but also abilities to contribute positively (although in a more indirect way) to the local development (including rural households income and quality of life as well as socio-economic potential of the community). However, it does not change the fact that small towns’ position in the hierarchy of economic relationships of surveyed enterprises was rather insignificant, and in case of a few communities – marginal or even non-existent, especially in terms of cooperation.

For the majority of respondents (65.8%) the key partners in trade exchange were commercial and individual customers from medium-sized towns and large cities. Among them, large urban centres (over 100 000 inhabitants) were the most attractive place for the surveyed in terms of supply with goods and services (51.8%), sales (23.6%) as well as cooperation with other companies (15.5%).

At the same time, stronger relationships of rural enterprises with small towns (often located nearby), rather than with the larger urban centres in the field of sales performance, make us believe that they created some kind of functioning pattern. It means, on one hand, that they supply themselves on larger urban markets that usually offer more diversified range of products and services, higher quality and competitive prices. In return, they mostly meet the local needs, selling goods and services mainly to individual and, significantly less often, to commercial customers from the same community. Thus, this scenario leads to serious negative impacts on local economy and society, including increasing development limitations for rural enterprises and consequently, for the community. Its main element is to drain and reduce local financial resources through the heavy performance and income dependence of rural businesses on the demand and acquiring ability of local people and subsequently, flow of local capital outside, towards external markets. Consequently, as they, according to the economic base theory, perform mainly basic activities which are to supply the home market, the surveyed enterprises reduce considerably development opportunities for themselves as well as for location area/community. However, it should be remembered that, at the same time, rural enterprises fulfil meaningful social task satisfying various (mostly basic) needs of rural people. Thus, especially in case of more remotely located areas, they constitute extremely important direct link of some supply chains (of goods, services, ideas and knowledge), or, in a wider perspective, act as a critical transmitter in diffusing innovations from central nodes/growth poles to rural peripheries.
The cooperation, mentioned hardly ever by rural business owners, may be considered as a distinct type of economic relationships. This may prove rather simple manufacturing processes in some of the surveyed enterprises, including technologically simple product or the possibility that all the processes were performed within the company, which, at the same time, did not require to establish cooperation links. It also seems that, at least to some extent, the business/industry sector might be decisive, since the cooperation is usually perceived as a typical, or even “natural”, for the manufacturing and processing activities, and less common for services. At the same time, in the retail trade industry such kind of relationships happens very rarely, while the wholesale and retail trade companies constituted the majority of the surveyed business owners.

However, apart from considerations above, networking capabilities as well as cooperation opportunities were significantly more advanced or even “natural” in the case of companies located in the major cities, than those from other urban centres. Hence the higher was the percentage of business owners who declared existing cooperation links with companies from cities highly ranked in the settlement hierarchy (11.3%) than from medium-sized (7.7%) or small towns (2.1%). This is due to the higher technological content and more advanced level of organization of such enterprises and consequently their high receptiveness to the cooperation activities and wider access to the worldwide channels of flows and distribution of goods, services and information. These conditions, however, reflect in their stronger linkages, at the global and regional scales, with companies from other large cities and metropolitan cores, than with rural businesses.

The strongest relationships with small towns were established by rural enterprises located in Warmia & Mazury, which was proved mainly in terms of sales (22.3%) and the sum of three types of surveyed relations (35.5%). This might result indirectly from the relatively large number and dense network of little towns as well as their even spatial distribution, and consequently high spatial and transportation accessibility to them. The scarcity of large towns and cities (considered at least as sub-regional centres) and irregularities in their geographical distribution within the region might be also of a great importance. In addition, the research outcomes might be also, to some extent, influenced by the considerable number of rural-urban communities within the surveyed as it was the case of Warmia & Mazury. The rural enterprises located in communities of a “mixed” administrative status (rural-urban) are usually very strongly linked to the neighbouring urban market as a result of various relations of administrative, functional and economic character.

What seems to be interesting, the slight differences between surveyed enterprises from Podlasie and those from Warmia & Mazury were noticed in terms of goods and services purchased in small towns (respectively 15.8% and 18.2%). It may be greatly explained by revealing the location of their key trade partners which were in both cases individual and commercial customers from me-
dium-sized towns and large cities accounted for 49.1% of enterprises from Podlasie and 46.3% of their counterparts from Warmia & Mazury. In addition, it should be highlighted that for enterprises from Warmia & Mazury medium-sized towns were more significant as a supply markets (24.8%), while for rural firm from Podlasie these were large cities (43.9%), or actually one – Białystok – the capital of the region. The weakest linkages with small towns had rural enterprises from the northern part of Mazowsze (22.5%), especially in terms of purchasing the business inputs (2.4%). Indirectly, it probably resulted from the limited number of such centres located nearby surveyed communities and at the same time, from the little distance to medium and large urban centres. The factor that made rural enterprises from Mazowsze head for Warsaw and its surrounding area was the considerable size of the supply market and its beneficial qualitative characteristics (including convenient prices and great variety of products, services and business solutions). These preconditions together with the high transportation accessibility and connectivity (international roads and railways as well as national, secondary or other alternative road connections) were crucial to create, maintain or even strengthen the economic linkages with larger urban centres, but at the same time, they weakened significantly relationships with nearby small towns leading to the disintegration of the local systems.

The administrative status of a community was one of the key factors which strongly influenced directions of flows of goods, services and capital resources from/to the surveyed enterprises. The existing economic linkages with a small town (often with the nearest one, located within the community’s boundaries) were mentioned by the majority of business owners from rural-urban communities (55.8%), whereas it was highlighted only by every fifth respondent from typically rural communities. The influence of this factor was clearly visible in the case of selling goods and services to small towns (correlation +0.41 (Pearson’s correlation coefficient)), which was declared by 44.2% of respondents from urban-rural communities and only by 8.7% from rural ones. However, its influence turned out to be very limited in the case of purchases (14–16% in both types of communities), which might confirm, often mentioned in the literature, an increase in the tendency to by-pass small towns. In fact, for many of rural enterprises little towns do not play the role of important or exclusive processing, production and trade centres any more. They significance either for rural areas and the entire urban network have gradually declined since they started to lose their traditional functions in favour of some more distant urban centres ranked higher in the hierarchy of settlement system or even highly saturated with various economic activities suburban or periurban zones of large cities/metropolitan zones.

On the other hand, in light of the research outcomes, small towns can be still important for some of rural enterprises. It was proved by over 50% of business owners coming from 7 out of 19 surveyed communities (Czarna Białostocka, Brok, Reszel, Ruciane-Nida, Sępopol, Dziadkowice and Kiwity), who pointed
out individual and commercial customers from small towns as the main trade partners. First five had rural-urban (semi-urban) status, which makes us believe that purchases, sales and cooperation were performed as close as possible, that is in the nearest town – the seat of the community government (local councils’ office). Moreover, small towns of Reszel, Ruciane-Nida and Sepopol together with other nearby urban centres of a similar size and rank create relatively dense urban network, which facilitates trade flows. On the other hand, it seems to be natural that it may also contribute to the competition between them to gain an advantage, at least, at the local scale. Among mentioned communities the highest percentage of business owners who declared economic linkages with small towns (the sum of relationships) was observed in Dziadkowice (75.0%). It was probably caused mainly by its specific location in the triangle of three small urban centres and little distances to them. And, what is interesting, this relation was to a small extent shaped by the very high transportation accessibility of Dziadkowice from large cities (throughout the international road) and the proximity to one of the medium-sized towns. Similar reasons determined strong linkages of rural firms from Kiwity with small urban centres. Also in this case the structure of economic relationships was only to a small extent influenced by the low distance to the medium-sized town of Bartoszyce.

Small towns were also one of the directions of flows of goods and services among other (eight) surveyed communities, although in none of them did not play a significant role. It reflected in the low percentage of respondents who declared at least one type of all the examined relationships (sales or purchases or cooperation) ranging from 6.7% to 16.7%. The combination of two factors – only a few nearby small towns and the proximity of larger urban centres (usually of a medium size) was decisive for bypassing local centres. Those business owners who did not mention economic linkages with small towns were mostly from the region of Podlasie, i.e. Bakalarzewo, whose neighbouring small town is Olecko, but sub-regional centre and medium-sized town of Suwalki is just slightly farther; Bialowieza, close to which there is no small town, and the nearest and the only one is medium-sized town of Hajnowka; Grodek gravitating economically towards very well-connected regional city of Bialystok despite a little distance to other three local towns; Plaska, which is located nearby medium-sized town of Augustow.

Seeing that 26.8% owners of small businesses (10–49 employees) and respectively 17.4% of those who owned micro enterprises (1–9 employees) admitted to provide individual and commercial customers from small towns with goods and services, it proved that size and business sector of the surveyed enterprises had significant effect on the degree of economic integration between rural areas and small urban centres. Such linkages did not exist in the case of medium-sized enterprises, since most of them had strong relations with larger urban centres (71.4%), particularly in order to purchase business inputs.
The degree of economic integration between rural firms and small towns was the highest in the case of services such as finance, insurance, education and healthcare (almost 45% of all types of relationships, including sales, supplies and cooperation). These kinds of services are typical of towns, even small ones, which traditionally play important role as local service centres for the surrounding countryside. Relatively strong linkages with small urban centres were established by trade and manufacturing businesses (respectively 33.9% and 30.6% of sum of relationships). In addition, according to respondents’ opinions, economic ties with small towns were only of a marginal importance to tourism, hospitality and catering industries (13.3% of sum of relationships). This is not surprising if we assume that such activities are of a supra-local character, thus they mostly satisfy external markets demand i.e. needs of tourists and visitors coming from further areas and large cities, and rather not from nearby small towns.

Among the location factors that were taken into consideration by respondents when choosing the business location, the crucial ones for enterprises that were the most strongly linked to the small towns were: transportation accessibility (45.5%), owner’s permanent place of living in the same community or village (30.4%), cheap workforce (42.9%) and “other” factors (28.6%). For the enterprises mostly economically linked with sales and supply markets of larger urban centres (medium-sized towns and large cities), excluding the owner’s place of living (68.6%), the main factors were: transportation accessibility (100%), easy access to natural resources (90.9%), proximity to large cities (85.7%), well-developed infrastructure and accessible business facilities (80.0%) and cheap workforce (71.4%). Therefore, it seems that those from the latter population, when choosing the business location, they paid more attention to specific conditions which could facilitate economic activity and be considered as a development opportunity in order to maximize the profit, fully satisfy consumers’ needs and successfully operating on the market. Business owners who had stronger contacts with small towns were probably much less likely to carry out such a broad analysis of the location factors, so their scope of activity was more spatially limited.

The strongest linkages between rural areas and local towns were observed in the case of firms owned by people with basic vocational education, who sold (23.9%) as often as supplied themselves with goods and services in small urban centres (20.9%). The enterprises run by well-educated people pursued a different trade pattern since they purchased necessary business inputs mainly on large supply urban markets, bypassing small towns (11.8%) which were important destinations for their outputs (25.5%). In addition, closer relationships with smaller urban centres were declared by respondents of post-working age (41.7%) rather than by those “younger” of mobile working (31.2%) or non-mobile working age (24.5%). Although, representatives of the older generation were more likely to follow the above-described pattern of relationships performed usually by well-educated respondents, while younger (of mobile working age) they slightly more often were
purchasing business inputs in small town than selling outputs there. This may prove not so much a lack of experience in running a business, but more about the difficulties of access to further, external, large supply markets, and limited opportunities to meet the needs of the small town customers in highly competitive conditions on the part of other local companies as well as those operating at regional or global scale.

Furthermore, small towns were probably deliberately bypassed by younger entrepreneurs as sales markets. At the same time, many highly positive effects including higher incomes, lots of potential economic contacts and broader development opportunities encouraged them to establish direct relationships (excluding “transmitters” such as small towns or even some medium-sized urban centres) mainly with large urban/metropolitan markets.

Small towns were more important supply and sales markets of rural businesses whose owners were also farmers (running farm concurrently with the company) (40.8%) than of those who focused only on non-agricultural activity (24.5%), which has been proven by scientific evidence (Heffner 2005). Although, when formulating their opinions about economic linkages, it was probably quite difficult for respondents to separate both functions, thus, small towns might be regarded mainly as the nearest and the most accessible sales market for farming. In Poland, small urban centres are commonly perceived as a “natural” place to locate food processing plants or supply markets offering inputs not for enterprises, but rather for farms.

Based on the research outcomes we may also observe how economic relationships with a small town influenced (current) financial situation of an enterprise as well as its development perspectives. Small towns were considered as important supply and sales markets by respondents claiming that the financial health of an enterprise was more beneficial than some years ago (31.5%) or stable (33.9%). It is interesting that, at the same time, for businesses whose the situation has deteriorated recently, individual and commercial customers from small urban centres were significantly less attractive trade partners (21.4%). Given that enterprises located in large cities and metropolitan areas are usually strongly linked to the international markets, they have experienced the global financial crisis very profoundly. It resulted, among other things, in the weakening of their economic contacts with rural business partners. Hence, a distinctive distribution of responses were observed among the owners for which economic ties with suppliers/purchasers from large urban centers represented a significant part of business transactions.

It seems, therefore, that the economic potential of small towns regarded as both supply and sales markets is not fully recognized and used by rural enterprises. Due to the proximity, easy access, historically formed relationships, high degree of the local economic integration and often less sophisticated needs of their population, small urban centres can be still considered as a one of “natural” ways to diversify sales and supply markets for rural firms (without significant organizational effort and financial support). Additionally, as it is in a more indirect
way proved by research results, the strong and stable trade relationships with local
towns can be considered as a one of the basic ways to mitigate or even avoid the
negative effects of economic downturn. In other words, rural enterprises can be
more resilient to market volatility, financial turmoil, economic change or other
external key-factors if they maintain strong and steady relationships at the local
scale. On the other hand, the regional and global linkages undoubtedly bring about
potentially considerable economic benefits, but of the higher risk.

Conclusions

One of the effects of globalisation has been to shorten the supply chain by
reducing the distance and time between its successive links: rural producer – pro-
cessor – distributor – final consumer. At present, the last three elements are more
often at the regional, national or even global levels, thus they provide the rural
business owners with potentially higher income and wider development oppor-
tunities, not limited by poor absorption capacity and needs of the local market.
On the other hand, along with the noticeable improvement of transportation and
communication systems, this process has facilitated rural individual and commer-
cial consumers’ immediate access to “global” products. The direct effect of these
changes has been the loss of small towns’ traditional basic functions in servic-
ing the surrounding countryside, and consequently, a decline in the significance
of small (local) urban centres as supply, sales and cooperation markets for rural
farms and enterprises.

The role of a small town as a “transmitter” between main urban nodes and
(more peripheral) rural areas has been reduced in terms of social functions, given
that globalisation and technological progress (IT, mass media) have facilitated
flows of information, ideas, innovations, behaviour and consumption patterns, and
opened new job opportunities (distance working), or, more generally, influenced
people’s lifestyles. In this way, the significance of small urban centres has been
increasingly marginalised and they are no longer “meeting places” of the rural
and urban society/economy. In effect, this “shrinking space” has to a large extent
proved the competitive advantage of highly ranked urban nodes (in urban hierar-
chy) with regard to satisfying needs not only of rural, but also other urban people
and businesses. Much more often and in a variety of aspects small towns play an
important role e.g. stimulating and employing the rural workforce, and thus still
remain professionally and spatially easy accessible (local) labour markets for peo-
ple from the surrounding areas.

According to the study’s findings, the relatively weak economic linkages be-
tween small towns and rural areas, seem to prove the popular thesis among scien-
tific researchers that the position of small towns in the urban hierarchy has changed
considerably, since the linkages between small urban centres and their rural surroundings have been “substantially eroded through the process of socio-economic restructuring, including the transformation of agriculture and a decline in other primary industries” (Courtney et al. 2008: 356), and that they are mainly characterised by a low degree of local economic integration (Heffner 2005). Nowadays, small towns are becoming less important as sales, supply and cooperation markets for rural businesses, and hence their position in the structure of trade relations has been significantly weakened in favour of medium-sized towns, large cities and their highly urbanised neighbourhoods. In this context, it is necessary to look for new economic functions that could be successfully performed by small towns.

One way to improve the attractiveness of a small town, either for its residents or for external individual and commercial customers, may be the further diversification of the structure of its economic functions/activities, especially highly advanced/specialised services (once accessible only in larger cities), along with upgrading their quality and offering competitive prices, which is particularly important for (rural) elderly people usually with limited funds (Hoang et al. 2008; Czarnecki 2011; Kubejko-Polańska 2013). Shorter distances and travelling times and lower costs for a similar quality of goods and services (compared to those in large cities), may provide sufficient impetus for rural people and businesses to return to supplying themselves from the nearby town.

The rural businesses may somewhat reduce the risk of crisis by diversifying the structure of their economic linkages, especially if their major trading partners operate at a national or global level. This may be possible by establishing new relationships with individual and commercial customers from a small town, and making them important trading partners. On the other hand, rural firms can increase their development opportunities by opening up to other nearby but external markets. In particular, this can be critical if they have previously focused only or mainly on satisfying local demand, often characterised by limited needs and low consumer earning power. Building a dense network of economic relationships reinforces and sustains the cohesion of local systems in various aspects, while a higher degree of local integration favours socio-economic growth (Heffner & Solga 2006).

There is a vital need to foster positive relationships between small towns and their rural surroundings in order to improve the socio-economic integration of the spatial (local) systems. At the same time it is also crucial to develop and support the bottom-up activities of various groups of community stakeholders tending to improve the attractiveness of a small town for external investors (entrepreneurs and new or potential residents). According to P. Derriman (1999) success will depend on “passion and creativity” and the ability to create business development (Sørensen et al. 2010) in other words, on local resources (see Collits 2000). In this context, some important tasks should be undertaken by local authorities, assuming that they are able to appropriately identify needs and priorities of local residents and economic groups, and are willing to meet their preferences as broadly as possible. Local
decision-makers can help to avoid a weakening or even disintegration of the relationships between farming, food-processing industries and related services. One method is to reduce the distance between the successive links of the supply chain, e.g. by providing favourable conditions to locate the food-processing company in the nearest small town, thus reducing transport costs and eliminating intermediaries.

Local authorities have various instruments that can be used to attract external investors and potential/future residents, including spatial development plans, local development strategies, community master-plans, marketing and promotional activities, improving the area’s infrastructure, applying for funding from external sources, reducing and postponing payments of the local tax or other local charges etc. The authorities may also negotiate and regulate the use of natural resources by local people, external investors, as well as temporary/seasonal users (tourists and second-home owners). However, while decentralisation has great potential, reflected in efficiency and delegation of tasks and responsibilities, it is often accompanied by considerable transaction costs and obstacles of a financial, environmental, social and infrastructural character. And although, with suitable resources, the municipal and town authorities can gain the opportunity to reinforce economic relationships between towns and their rural hinterland, the more general issues such as land ownership or the necessity to be consistent with the goals of regional or national development strategies, or conflicts of interest among stakeholders, seem to be curbing local initiatives to a large extent.

Transforming the research outcomes into recommendations for policies or practical solutions seem to be issues of a key importance in empowering local people and supporting rural businesses in order to drive the functional diversification of a small town mainly in the more advanced/specialised services sector. As a result, small urban centres could continue to play an important role for surrounding countryside, and at the same time prevent the brain drain of the most valuable human resources (young, well-educated and highly qualified people), who contribute considerably to the human and intellectual capital of rural communities. On one hand, they can be considered as a required “resource” to implement widespread innovations coming from the growth poles, while on the other hand, creation of new ideas and practical solutions to current problems of the local systems also largely depends on them and their particular qualities.

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The aim of this publication is to look at the problems of Polish rural areas from the perspective of the young generation of researchers, to show what problems they are interested in and what study methods and techniques they use to describe the phenomena occurring in Polish villages. The results of their studies were also presented to underscore the importance of these phenomena for the development of knowledge concerning the dynamic transformations in Polish rural areas. The Authors represent different fields of study (sociology, ethnography, economy and geography) from renowned academic centres such as University of Lodz, Institute of Rural and Agricultural Development, Polish Academy of Sciences (IRWiR PAN) in Warsaw, Life Science University of Poznan, Technical University in Warsaw, Institute of Urban Development in Krakow, and Maria Grzegorzewska University. What they have in common is interest in the problems of rural areas and their residents. They focus on the new model of rural development, very often identified with concepts such as multifunctional and sustainable development, on social innovation, the subject of transformations in rural residents' social roles, including rural women serving public roles, as well as on the strategies of coping with the reality used by residents of marginalized villages. The articles introduce the Readers to selected problems of development of Polish rural areas and help them to understand their complexity.