

NET POSITIVE ENTERPRISES IN THE LOCAL ECONOMY

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Purpose: The aim of the study is to draw attention to the contribution of local businesses to the protection of the most valuable common good - the human living environment. Based on the author's own research, it has been demonstrated that the sector of microenterprises and small, and medium-sized enterprises that are rooted locally operate in accordance with values defined as net-positive enterprises.

Methodology: A qualitative research method based on in-depth qualitative interviews with entrepreneurs. The selection criteria for the study group included businesses that have been operating for at least twenty years and belong to the micro, small, and medium-sized enterprise sector.

Findings: The research findings indicate that local businesses have focused their activities on minimizing their negative impact on the local environment. This is undoubtedly a consequence of the emotional bond between the entrepreneur and the space in which they grew up, were educated, and run their business. Being a net-positive enterprise is a commitment of the entrepreneur to this environment.

Research limitations: The issue requires further research to determine the impact of informal institutions (such as local culture and traditions) on the activities of locally rooted entrepreneurs.

Originality: The study reveals the relationship between the identity of an entrepreneur originating from a specific local environment and their responsibility for the quality of the natural environment, as well as the informal ties with the business surroundings in which they operate.

Keywords: net positive enterprises, local economy, in-depth qualitative interviews, locally rooted enterprises, protection of local resources.

Category of the paper: research paper.

1. Introduction. Historical perspective

The hope for developing an economic structure in Poland like that of Western European countries emerged with the adoption of the *Act on Economic Activity* by the Sejm of the People's Republic of Poland on December 23, 1988 (Dz.U. 1988, nr 41, poz. 324). This aspiration was realized by the government of Tadeusz Mazowiecki, which, on January 1, 1990, implemented a package of reforms encapsulated in the succinct term *Balcerowicz Plan*

(Bałtowski, Miszewski, 2006). The foundational privatization, along with the restructuring and privatization of state-owned enterprises—enabled by the *Act on Privatization of State-Owned Enterprises* of July 13, 1990 (Dz.U. 1990, nr 51, poz. 298), paved the way for an economy based on free competition.

The *Act on Economic Activity* of December 23, 1988, was the first since World War II to define economic activity and to ensure equal rights and obligations for business entities, regardless of ownership type—whether state-owned, cooperative, or private. This legislative change initiated what became known as the *entrepreneurs' dignity revolution* (McCloskey, 2017). After years of verbal humiliation in communist-controlled media, where entrepreneurs were derogatorily labelled as profiteers, speculators, or “badylarze” (pejorative term for private horticultural farmers), they returned to the economic stage as a group eager for economic success and self-fulfilment through business ventures. Entrepreneurs played a crucial role in rebuilding the labour market by generating demand for workers, thereby mitigating the negative effects of the rising unemployment rate in Poland. They also facilitated the satisfaction of the long-suppressed consumer demand of Polish citizens (Kamosiński, 2023).

The constitutional guarantee of the right to own property and freely manage it, encouraged entrepreneurs to invest and implement long-term development strategies for their businesses. Many entrepreneurs who began their business activities after 1988 reached retirement age in the 2020s. Consequently, they faced the challenge of transferring their businesses to their children or grandchildren. This generational transition became one of the most significant challenges they had encountered since founding their companies. A substantial portion of them aspired to establish family businesses. The successor—by assuming the competencies of the business owner—is expected to inject new energy into the company's growth and lead it in a way that prevents the so-called *Buddenbrook syndrome* from becoming a self-fulfilling prophecy (Kamosiński, 2023).

The post-1988 shift in the ownership structure of enterprises in Poland dismantled the atypical size structure of businesses. Large socialist state-owned enterprises gave way to a thriving sector of micro, small, and medium-sized enterprises (SMEs). These organizations became the driving force behind local economic dynamics and embedded themselves within their communities. Typically, an entrepreneur established a business in a familiar environment—the place where they were born, raised, and resided. For many entrepreneurs, local rootedness holds intrinsic value, ultimately influencing how they utilize the local resources available to them.

2. Net positive enterprises

Locally rooted businesses, often unconsciously yet effectively, align with the values embodied by net-positive enterprises (Polman, Winston, 2021). The concept was introduced into scholarly discourse by Paul Polman and Andrew Winston and describes companies that derive their profits from addressing global challenges rather than exacerbating anthropogenic pressures. These enterprises adhere to a philosophy of giving back to the world more than they extract, prioritizing environmental sustainability and resource conservation as fundamental aspects of their mission. These enterprises adhere to a philosophy of giving back to the world more than they extract, prioritizing environmental sustainability and resource conservation as fundamental aspects of their mission. A distinguishing characteristic of net-positive enterprises is their approach to human capital. Rather than perceiving employees as mere resources, these businesses recognize them as integral co-creators of the organization. Consequently, they invest in both the professional and personal development of their workforce, fostering a strong emotional bond between employees and the company. Moreover, net-positive entrepreneurs voluntarily engage in collaborative relationships with their stakeholders, including suppliers and customers, but most notably with the local community (Polman, Winston, 2021).

From a broader perspective, net-positive enterprises function under the assumption that their operations mitigate the detrimental effects of anthropogenic activity and, as Kate Raworth posits, contribute to restoring planetary resilience. Raworth emphasizes that humans, as stewards of Earth's resources, can most effectively achieve this objective through small, agile organizations operating within localized markets. She asserts that *revitalizing the roots of the economy in the form of small, fairly managed enterprises is today the best way to reclaim resilience* (Raworth, 2021). A complementary viewpoint is provided by William Nordhaus, who underscores the principle of *the trade-off between the costs of emission reduction incurred today and the social value of mitigating climate-related losses in the future* (Nordhaus, 2021).

3. Thesis and research assumptions

The aforementioned observations substantiate the thesis that locally rooted enterprises, particularly those within the micro, small, and medium-sized business sectors, constitute net-positive economic organizations that, through their daily operations, contribute to the restoration of the Earth's resilience. These businesses exhibit territorial solidarity with all stakeholders within their respective local spaces. The interactions occurring between local space users—including entrepreneurs and residents—are direct (face-to-face) and stem from

cohabitation and professional activity within the same geographic area, as well as from a shared set of local values and collective developmental objectives. This embeddedness fosters a heightened sense of responsibility among entrepreneurs for the consequences of their business decisions.

The following key observations emerge from this dynamic:

- Entrepreneurs demonstrate a prominent level of responsibility for managing the resources available within their local environment.
- They assume direct responsibility for their employees and, indirectly, for their employees' families.
- The shared geographic space naturally promotes cooperation between business entities operating within it.
- Entrepreneurs bear an indirect responsibility for the quality of life within their local communities.
- They express a strong expectation for the stabilization of economic regulations, which would, in turn, encourage bolder investment decisions.

4. Research methodology

The empirical validation of the research assumptions was conducted through a qualitative research approach, specifically utilizing in-depth qualitative interviews with entrepreneurs. This methodological choice is justified by the inherent uniqueness of each enterprise—no two businesses are identical. Recognizing this premise, qualitative interviews provide an opportunity to capture the entrepreneur's subjective perception of business operations, allowing for the identification of broader tendencies and insights. The selection criteria for participating entrepreneurs were as follows: each business had been in operation for at least twenty years and all entrepreneurs represented the micro, small, and medium-sized business sector. The study covered the period 2017-2023. A total of 34 in-depth qualitative interviews were conducted, with each session averaging 120 minutes. In twelve cases, the businesses met the criteria for being classified as family enterprises. It is important to note that this study is not statistically representative, as its objective is to explore qualitative insights rather than generalizable quantitative conclusions. The interview technique involved personal meetings with entrepreneurs, with all interviews being recorded and subsequently transcribed for further analysis.

5. Research findings

The qualitative interviews conducted with entrepreneurs—owners of micro, small, and medium-sized enterprises—reinforce the conviction that these organizations operate as net-positive enterprises. In their statements, entrepreneurs emphasized that responsibility is their core value, primarily understood as responsibility for their employees and, indirectly, for their employees' families. Due to their longstanding presence in the local environment, these businesses often provide employment for entire families, with two generations sometimes working within the same organization. As a result, the employer's responsibility is significantly magnified. A key observation is that employees in these enterprises are not anonymous figures. Employers generally have personal knowledge of their employees, their living conditions, and, in many cases, their life challenges. When necessary, entrepreneurs actively engage in supporting employees through difficult situations.

One female entrepreneur highlighted the duality of entrepreneurial consciousness, stating: *In a sense, it is freedom, but also an enormous responsibility. Because if you mismanage your business, your employees will end up on the street. So, you have to think not only about your own livelihood but also about the livelihood of your employees* (Kamosiński, 2024, p. 205). Another entrepreneur, reflecting on the concept of freedom in business, remarked: *[...] it is the privilege of shaping reality, of influencing it, of being a freer person than others—but it is also a great responsibility. We, as entrepreneurs, should feel responsible for our employees just as parents do. For a massive portion of a given employee's daily life, we are responsible for their behaviour, engagement, efficiency, and even their moral attitudes. We must set an example. I cannot expect my employees to refrain from using profane language in my company if I myself greet them with an expletive. Incidentally, I enforce this rule strictly to maintain a high standard of language culture* (Kamosiński, 2024, p. 132). The development of mutual trust between employees and employers is a natural consequence of the long-term stability of an economic organization. Over time, this fosters emotional bonds between workers and business owners, which, in turn, shape an ownership mindset among employees. Entrepreneurs participating in the study defined this phenomenon through statements they have heard from employees, such as: *Boss, let's improve this in our company*, or *Boss, someone has been criticizing our company*. According to the interviewed business owners, hearing an employee use the phrase *our company* is the greatest compliment and the highest form of recognition they can receive.

One entrepreneur emphasized this sentiment, stating: *An entrepreneur should create a team of employees who treat the company as a second home and willingly contribute their ideas. The foundation of the employer-employee relationship should be honesty and integrity* (Kamosiński, 2024, p. 90).

Locally rooted firms voluntarily engage in collaboration with their surrounding environment. The term “competitive strategy” takes on a different meaning in the local context, where competition is often replaced by cooperation among entrepreneurs within the same sector. Exchange of knowledge, advisory support, and even assistance in fulfilling orders are commonly observed practices. One businesswoman described this cooperative culture as follows: *We have a family-like network of upholsterers here—we don’t see each other as competitors. We share experiences, and if one of us runs out of something, the other will lend or provide what’s needed. We have a circle of acquaintances, and to this day, we support and help each other* (Kamosiński, 2024, p. 55).

The origin of this cooperative spirit can be traced back to the entrepreneurs who started their businesses together following the enactment of the 1988 *Act on Economic Activity*. These business owners, having utilized the new legal framework to establish their enterprises, share a common history, which fosters a deep sense of solidarity. One entrepreneur encapsulated this sentiment by stating: *We have known each other well because we all started our businesses at the same time* (Kamosiński, 2024, p. 56). This shared history has cultivated a strong support system among locally rooted entrepreneurs. In moments of crisis, assistance is readily offered, as illustrated by a businesswoman who faced external pressures forcing her to consider closing her company. Unexpectedly, she received guidance and encouragement from another entrepreneur: *I will help you but wait—don’t shut down your business just yet. Take your time, think things through. First, you need to leave the location you’re in; they’re forcing you out anyway. You need to find a place in the city centre so that you’re visible. Think about what you’re good at and who you need for your team.* At that moment, she realized: *What do you mean, what am I good at? I do everything!* (Kamosiński, 2024, p. 63).

The local rootedness of businesses instils in them a powerful sense of responsibility for rational resource management. Entrepreneurs are overly sensitive to waste and the degradation of their immediate environment. They view their companies not merely as personal assets but as integral components of the local community. One entrepreneur articulated this perspective, stating: *We cannot treat our businesses as our exclusive property in every sense of the term. As entrepreneurs, we must recognize that we are part of the local community in which our company operates. [...] We must be mindful of the environment. We must give back what is rightfully due to nature, or at the very least, strive to coexist with it harmoniously* (Kamosiński, 2024, p. 134).

For locally embedded entrepreneurs, resource management is not merely an operational concern but a guiding principle in production strategy. Rather than pursuing overproduction, they deliberately maintain a controlled scarcity of products, ensuring that quality prevails over quantity. This strategic approach reflects a broader commitment to sustainability and waste reduction. One entrepreneur articulated this philosophy as follows: *Why produce more of something that is of lower quality and will eventually end up as waste? [...] The point is to make a product that is genuinely good. We used to make blueberry pastries with wild forest berries,*

and now we've introduced pastries made with cultivated blueberries. [...] We focus on regional ingredients and high-quality production. Let it be slightly more expensive, but also good, tasty, and healthy. [...] In a family business, it's not about endlessly increasing production numbers, efficiency, and revenue. That's not the point (Kamosiński, 2024, p. 172). This perspective aligns with the concept of the economy of moderation, which respects consumer sovereignty while encouraging sustainable consumption patterns (Koźmiński, 2016). Entrepreneurs who adopt this philosophy frequently receive strong customer endorsement for their business strategies, reinforcing their market position.

A second entrepreneur highlighted how reputation and quality craftsmanship have contributed to the long-term sustainability of their business: *People started recognizing us, and it turned out that we were well known in the local market—our company has been around for over twenty, almost thirty years. People know our name, and they always recommended us, telling others to come to us because we make solid furniture. Above all, we focused on quality—that was always our priority. No customer ever received something of dubious quality. [...] When I sewed, every seam had to be exactly two centimetres, and the threads had to be specific—not just any kind* (Kamosiński, 2024, pp. 68-69).

This commitment to durability and artisanry challenges prevailing market trends that prioritize fast production cycles and disposability. By ensuring long product lifespans, these entrepreneurs fulfil their responsibility to customers—particularly in terms of financial sustainability—while also contributing to environmental conservation by reducing unnecessary waste and preserving natural resources for future generations.

Entrepreneurs actively seek to minimize production waste by repurposing materials, assigning them both economic and symbolic value. One businesswoman described her approach to utilizing fabric scraps: *I started sewing pillows and other small items, including pet beds for dogs and cats. I donated them to the animal shelter. When I saw fabric scraps, I always saw potential—I couldn't bring myself to throw them away. Every piece of fabric could be turned into something useful because they were so beautiful that I had to repurpose, adapt, and bring my ideas to life. Whenever I had a free moment, I worked on small projects* (Kamosiński, 2024, p. 55).

Some of the company's post-production waste goes to care institutions that provide occupational therapy for people with disabilities. It should be emphasized that, for many such economic organizations, the production of additional items using post-production waste is not a commercial process. It is carried out of a desire to serve the local community, from a voluntarily expressed willingness to do good and support those in need.

This is a positive effect of the company's local rootedness, as well as that of its owner. He/she collaborates with the local community, respects the local resources available to him, and does not use these efforts for marketing purposes. He/she operates quietly, as it stems from a voluntarily expressed need to get involved in solving problems that he/she observes in the company's surroundings. Such attitudes toward resources available to local entrepreneurs are

likely not isolated. This activity offers hope for restoring our planet's resilience, which Kathe Routh advocates for.

Food processing enterprises recognize the urgent issue of declining biodiversity in agricultural production. According to entrepreneurs who participated in qualitative interviews, this trend represents the first step toward diminishing Earth's resilience. Locally embedded entrepreneurs argue that food production has been increasingly subjected to standardization, primarily to enhance efficiency in response to a growing global population. While this shift may be an inevitable economic necessity, local food processors find it difficult to accept. A restaurant owner reflected on the transformation of food supply chains: [...] *We realized that the products we have been purchasing for our restaurants over the past ten years have changed. We can no longer buy meat from local farms—we must source it from wholesalers. Sure, it may have a better certificate, a clearer invoice, and improved transportation conditions. It certainly meets all the required criteria—but it is not tastier. It contains more water. [...] [...] Something prompted us to investigate the origins of our supplies. Due to the scale of our business, we had to rely on large wholesalers. And we were horrified to find that we had become part of a globalized supply chain—large-scale, industrialized. We had lost access to what we had always known. [...] Everything had become so standardized that we could no longer enjoy different varieties of vegetables or meats. We had inadvertently become part of a global trading system—something we had only associated with highly developed economies. We came to the realization that we were no longer the same people who used to make our own preserves for the winter, who had real control over what went into a jar or a pot. We had become mere cogs in the vast machinery of global food production and raw material distribution* (Kamosiński, 2024, p. 216). The advocacy by locally rooted entrepreneurs for biodiversity in agriculture arises from a rejection of a uniform world devoid of diverse offerings. For this reason, maintaining biological diversity in these spaces is valued for preserving local uniqueness. It also presents an opportunity for local communities to distinguish themselves in an environment dominated by standardized products. Locally embedded businesses experience significant discomfort due to legislative inflation—the excessive and frequent changes in legal regulations, particularly in tax law. This instability discourages entrepreneurs from investing and pursuing new business initiatives, as they feel increasingly uncertain in an environment characterized by constant legal flux. The excessive complexity and lack of transparency in legal regulations ultimately lead to the waste of a crucial economic resource: entrepreneurial potential. It is difficult to quantify the exact magnitude of lost economic opportunities, but it is evident that many business ideas, expansion plans, and innovative projects are abandoned due to the unpredictable regulatory landscape. A businessperson articulated this frustration: *I don't invest, even though I could, because my husband and I have some capital. I could reinvest here, but I don't do it because the law is what it is. Everything is unstable. I try to earn enough from what I sell to cover current expenses, not to invest in extra things [...]. The instability of the law is terrible, and I still don't know what to do... I'm not even investing*

in additional furniture because right now, I don't know if in a month or two I might have to shut everything down (Kamosiński, 2024, p. 67). Another entrepreneur said: *[...] I feel that every change made for so many years almost always turns out to be a deterioration for us. And we must learn anew, invent something new, somehow defend ourselves against it, and so on* (Kamosiński, 2024, p. 31). To complete the picture, we present another statement: *An entrepreneur cannot operate peacefully because we never know what will change tomorrow* (Kamosiński, 2024, p. 97). It must be emphasized that entrepreneurs do not oppose legal regulations; they merely wish for the rules to be implemented without undue haste, which would enhance their quality. In this context, one must agree with the conclusion reached by James K. Galbraith, who observed that a modern economy should be based on trust -the trust built through legal regulations. According to him, *law is not a burden for the markets, but a necessary condition for their existence* (Galbraith, 2016, p. 68).

6. Recommendations and Discussion

According to Daron Acemoglu and James A. Robinson, net-positive enterprises can only flourish when state institutions are inclusive, thereby ensuring that entrepreneurs trust the rule of law upheld by these institutions (Acemoglu, Robinson, 2014). Giovanni Sartori further asserts that the full realization of inclusivity involves *personal participation, active and willing engagement* (Sartori, 1998, p. 148). This principle is a fundamental prerequisite for fostering an environment where entrepreneurial attitudes can freely develop, allowing individuals to pursue their ambitions as business owners. Their voluntary engagement in the life of the local self-governing community demonstrates that they are not merely capital donors or investors for the local community (Hausner, 2019). The arguments presented authorize the conclusion that, more than thirty years after the commencement of institutional change in Poland (Morawski, 1998), inclusive institutions are encouraging entrepreneurs who have stabilized the positions of their own companies, achieving so-called optimal development, to undertake another transformation. Its origin is rooted in the local anchoring of the company and presents entrepreneurs with the opportunity to voluntarily participate in the co-creation of local values aimed at strengthening territorial self-governing communities. Their involvement in mobilizing local resources (Hausner, 2019) to foster a circular economy, which enables the environment to continuously regenerate resources, has become a timely necessity. This cycle should not be disrupted, as it could lead to a deterioration in the living conditions of the residents. Locally rooted companies today bear both tangible and intangible costs to protect the resources around them, aiming for a future profit in the form of the common good – the preservation of life on Earth.

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