

Municipal Development Strategy as an Instrument of Local Economic Development Policy

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Abstract

The main objective of this paper is to determine the importance of local development strategies for formulating and implementing local economic development policies by local authorities. In particular, an attempt is made to answer the question of whether local authorities properly and effectively use public management tools (i.e. a development strategy) to promote economic development in their area. Furthermore, the aim of this article is to analyse instruments for supporting economic development, which can be potentially used by local governments in Poland.

Keywords: Local, Self-government, Development, Strategy, Economic, Decentralization

Introduction

Economic development depends not only on the activity of the business sector, but also economic development policy carried out at the central, regional and local levels by public authorities. Generally speaking, economic policy (Economic Policy, 2011) can be defined as a set of the state's actions affecting the economic situation and development of a given country. Depending on the time horizon which it relates to, economic policy can have two main goals at the national level. In the long-term, the primary goal of economic policy is to secure the highest level of economic development; i.e., to achieve a high rate of long-term economic growth. On the other hand, in the short- and medium-term the most important goal is the elimination of excessive fluctuations in economic growth, caused, for example, by effects of the business cycle, economic instability, or other shocks connected with sudden fluctuations in demand or supply. Such an understanding of economic policy refers primarily to the activities of the central administration and concerns the objectives of a nationwide, social and economic character.

The modernization of public administration in Poland after 1989 contributed to an increased ability to influence economic processes by public authorities. The processes of globalization, as well as Polish membership in the European Union,

determined the importance of the public sector in creating conditions for economic development, including the development of entrepreneurship. At the same time the role of the local government in stimulating the development processes at the local level significantly increased. This happened especially after the entry of the public administration reform in 1999 and the subsequent creation of local government tiers (of the district and the region) in Poland. There was further decentralization of public administration, including its tasks and public finances. Local authority, in particular at the level of municipalities, received new instruments for exerting impact on local development. These instruments have been identified in both public law (the Constitution and local government acts), as well as standards of public management implemented by local government, whose basic tool of many is a local development strategy.

Out of the three tiers of local government in Poland, the municipality has the largest capacity and competency in the field of development activities. These opportunities arise in part from constitutional grounds and in part from the detailed legislation and specific functioning practices.

Despite the fact that the municipality does not have economic development among its own tasks, it is worth concurring with Antoni Koźuch (2011) who shows several groups of instruments for stimulating economic development by municipalities. According to Koźuch, in respect to their form and scope, the instruments used for fostering economic development by local governments can be divided into the following groups: legal and administrative, institutional, organizational, economic, financial, planning, and infrastructural.

The main objective of this paper is to determine the importance of local development strategies for formulating and implementing local economic development policies by local authorities. In particular, an attempt is made to answer the question of whether local authorities properly and effectively use public

management tools such as a development strategy to support economic development in their area. Furthermore, the purpose of this article is to analyse instruments for supporting economic development, which can be potentially used by local governments in Poland.

The legal basis for an economic development policy, which largely results from the Constitution of the Republic of Poland (1997), has been determined in the present paper. Additionally, an analysis of the instruments available to municipal governments in Poland for creating conditions for economic development, especially entrepreneurship, has been performed. Among others, legal, administrative, economic and financial instruments for supporting local economic development have been discussed. Special attention is devoted to the importance of local development strategies as a key instrument of planning and a basic tool to frame policies of local economic development. The results of the conducted research on the documents of local development strategies of randomly selected cities have been referred to. Their aim was to determine whether and to what extent local authorities formulate their policies for local economic development.

The main scope of the work performed and described in the present research paper embraces an analysis and evaluation of the development and content of local development strategies. The subject of the analysis is the assessment of the policy adapted by local authorities in regard to economic and business development. Research was conducted on the current local development strategies of randomly selected local government units of the Lublin Region. The analysis focuses, among others, on the assessment of a diagnostic part, mission and vision of development, and the formulation of objectives and priorities in strategy documents in the area of development activities for the benefit of local businesses and economy.

The article assumes that in spite of having a number of instruments, both formal and material, for encouraging economic development and business development, most local governments assess the current state of entrepreneurship and development trends too narrowly, and perform an insufficient analysis of the potential of their area. Secondly, the formulated goals of economic development are not very innovative, ambitious or concrete. In many cases they are not consistent with the earlier studies included in strategies of economic potentials. Besides, they do not arise directly from the analysis of the micro and macro-environment that affects the position and development of the local government.

The nature and basis of economic development policy at the local level

Local government administration, whose main subject is local government, operates on the basis of certain principles which result from both the Constitution and specific legislation (Wojnicki, 2003). These principles and specific rules contained in the so-called local laws create a legal and organizational framework and provide specific opportunities and development activities for local government units (Cieslak, 2000). The principles of the local self-government, defined in the Constitution of 1997, include: the principle of decentralization of public administration, the principle of autonomy of the local government, and the principle of the presumption of competence.

The decentralization of administration is a guiding principle of the organization of public administration. It should be noted that decentralization was one of the essential conditions for the reforms of public administration in 1990 and 1998. Decentralization involves a transfer of decision-making powers from a higher to a lower level. This leads to organizational changes in relations between authorities and organizational units (Péteri, Zentai, 2002). The principle of decentralization is expressed in legal separation of a unit from a larger structure, the granting of independence to it in terms of making decisions (realizing tasks), transfer of appropriate funds for the implementation of these tasks, as well as the granting of legal personality (Brunk, Kumorek, 2003; Bigo, 1990; Dolnicki, 2003; Pickvance, 1996; Illner, 1997). This situation is reflected by the provision of Article 16 of the Basic Law: "Inhabitants of basic territorial division units constitute a self-governing community under law. The local government participates in exercising public power. The local government performs a substantial part of the public tasks to which it is entitled by law in its own name and on its own responsibility" (Constitution of the Republic of Poland, 1997).

The constitutional principle of decentralization of public administration is important for the essence of the self-government's functioning because the law gives the local government the right to use legal personality, powers, and tasks and manage public funds for its development.

Another important principle, as far as opportunities for creating development policies by the local government are concerned, is a constitutional principle of the presumption of competence. It follows from Article 163 of the Basic Law: "if a provision of an act or the Constitution does not expressly reserve competence to carry out tasks for other public authorities, mainly the central

government administration, performance of these tasks belongs to the competence of local government bodies” (Korzeniewska, 2004; Domagała 1996). The legislature clearly establishes a presumption of competence, above all, to the municipality: “the municipality performs all the tasks of the local government not reserved to other units of local government” (Kisiel, 2003). This principle is essential for Polish municipalities’ ability to create local economic development. The problem, however, often lies in a lack of understanding of this principle, for example, by various types of professionals exercising control and supervision over local government.

Another supreme principle of local self-government is a principle of self-reliance. Self-reliance is a constitutive element of decentralization. It means a lack of hierarchical subordination in relations with higher authorities (Boc, 1997). The principle of the autonomy of local government, particularly at the municipal level, was guaranteed in the Constitution. According to the provisions of Article 16 Paragraph 2 of the Constitution, “the local government participates in exercising public authority, whereas it performs a substantial part of the public tasks it is entitled to by law, in its own name and on its own responsibility” (Constitution, 1997).

Jacek Wojnicki identifies four aspects of local government autonomy.

The first is legal separation. Units of local government were granted legal personality, ownership rights and other property rights. In the act on local self-government, the legislator guarantees the municipality the status of legal personality (Article 2 Paragraph 2) and the judicial protection of its independence (Article 2 Paragraph 3) (Local Self-government Act, Journal of Laws 2001, No. 142, item 1592).

Secondly, the granting of independence for exercising tasks was statutorily defined. In accordance with Article 2 Paragraph 1 of the Local Government Act, the municipality performs public tasks on its own behalf and on its own responsibility (Local Government Act, Journal of Laws 2001, No. 142, item 1592).

Thirdly, financial independence, guaranteed by Article 167 Paragraph 1 and 168 of the Constitution, as well as Article 51 Paragraph 1 of the Act on Municipal Management, provides for the independence of financial management conducted by the municipality, including in particular the independence in setting the budget (Local Government Act, Journal of Laws 2001, No. 142, item 1592).

Finally, the possibility for creating an internal organisational system of local government, reflected in the right to decide by communities in the municipality. The municipal community has

a direct impact on the organization of municipal authorities through a local referendum, and it indirectly participates in the exercise of power in the community through the election of basic authorities by voting (Wojnicki, 2003). Independence in shaping the municipal system is also achieved thanks to the ability to create local law, including in particular the determination of the internal organisational system adapted by the municipal council in the statutes (Zielinski, 2004).

These manifestations of the principle of independence emphasize the fact that the local government in Poland has a serious possibility of formulating development activities. They relate to both the planning and implementation of financial policies, as well as social and economic policies of local authorities.

The rules presented above define the essence of local government activities in Poland. Above all, they allow the fulfilment of social and economic function of the local government, as stipulated in detailed law. Not always, however, are local authorities aware of their existence and applicability. Local authorities often apply statutory provisions only directly, forgetting, for example, about the presumption of competence of the municipality. This limits the creativity of action and the formulation of development objectives, which is often reflected in the policies and strategies of the local development.

Further legal grounds for conducting economic development policy by local governments in Poland are regulated by the so-called self-government laws. A particular piece of legislation, on the basis of which local government may formulate and pursue a policy of economic development, is the Local Government Act, which in general provides for the possibility of long-term planning and programming development. Article 18 Paragraph 2, point 6 of the Local Government Act describes the competences of the municipal council to enact economic programs. The ability to develop and implement a development strategy in the municipality has been legally recognized in Articles 3 and 4 of the Act on the Principles of Development Policy of December 6, 2006 (Journal of Laws 2006, No. 227, item 1658). Pursuant to these provisions, local government may formulate policy papers on the basis of which it runs local development policy.

What is then the policy of economic development at the local level? Economic development policy at the local level is mainly connected with the activities of local authorities within the scope of their tasks and responsibilities. It also means creating specific opportunities for economic development and conditions for the development of business entities operating there.

Following Magdalena Kogut-Jaworska (2008), it should be noted that local economic development, on one hand, is a process of quantitative, qualitative and structural transformations of business entities operating in the area. On the other hand, it means the development of individual and collective entrepreneurship, mainly through the creation of complex conditions for its functioning and the use of local natural resources, labour, capital and institutional structures. An important determinant of thus understood local economic development is the involvement and cooperation of entities, institutions and organizations of the business environment, as well as local communities and, above all, local authorities.

Basing on the analysis of the characteristics of local economic development, we should distinguish, along with M. Kogut-Jaworska, the following factors determining the nature of local economic development:

1. Local economic development is an example of an autonomous model of development. It is based mainly on the internal potential, which is present in a relevant territorial unit; i.e. raw materials, labour, capital, and institutional structures. Furthermore, this development is a subject of sovereign decision-making by local authorities as part of their powers and measures reflecting the principles and rules of market mechanisms.
2. Empowerment is a feature of local economic development. This means that this is a specific process, which brings about effects and benefits for those participating in development of the area, as well as those dependent on these entities. Stimulation of pro-development activities and the shaping of the local business environment by local authorities in co-operation with individual enterprises or economic institutions is its manifestation. Empowerment of local economic development is a direct manifestation of the policy pursued by local authorities.
3. Local economic development is an open process in an endogenous and exogenous dimension. This means that the effects of this process are felt not only at the local economic level, but also at the regional, national, and international level. This process, apart from endogenous functions implemented by local operators (e.g. to satisfy local demand) may also manifest itself in exogenous functions (e.g. to satisfy external demand). In this way, it defines the role of local government in the territorial system and points out the place of local economy in the structure of national economy.
4. Local economic development is a process extended in time. The development process is a process stretching over a long time, starting from

development initiatives and ending with obtaining results. These effects may have a short-term or a long-term dimension and in total provide better conditions for the functioning of enterprises and other economic entities and shape a better living environment for local communities.

5. Local economic development is a process characterized by a certain degree of flexibility. The flexibility of the development process results from its long-term, multi-faceted dimension and manifests itself in the ability to adapt to this development by the entities. The said adaptation relates both to the changing processes and phenomena in its internal structures, and the total number of events occurring in the external environment. Effects of developmental processes depend on the adaptability of businesses to market conditions, and of local authorities to the conditions resulting from the competitiveness of territorial units, which operate in a changing legal, political, and financial environment.
6. Local economic development is a process dependent on the degree of the local community's awareness of its situation in various regards. This means that local economic development is an expression of the local community's independence, self-reliance and responsibility for the development of living conditions and creation of the environment for the functioning of the economic sector. In addition, it results from the attitudes of local communities, the needs of companies and economic organizations, and expressions of general interest (Kogut-Jaworska, 2008).

Showing the essence of local economic development policy, it is worth mentioning the definition of local entrepreneurship (Krajewski, 2013). Local entrepreneurship is defined as the entirety of social and economic projects based mainly on the use of local resources and is aimed at satisfying the needs of a local community.

The above-mentioned determinants, defining the nature of local economic development, are closely related to, firstly, economic development policies carried out by local authorities; secondly, to the attitude and commitment of the local community; and thirdly, to the possibilities that come from the outside environment.

Research methodology

The main objective of this paper is to determine the importance of local development strategies in the formulation and implementation of local economic development policies by local authorities. In this regard, the attempts are made to answer the question of whether local authorities properly and effectively

use public management tools (i.e. a development strategy) to promote economic development in their area. Additionally, the purpose of this article is to analyse the instruments for supporting economic development, which local governments in Poland can potentially use. It is possible to achieve this objective by applying descriptive methods based on a review of literature and various types of documents and analyses regarding both the policy of economic development and the activities of the local government which implements this policy.

Based on the analysis of the content of the research literature, as well as the results of research conducted in local government units, among others, the factors are formulated to stimulate economic development and highlight the main problems and challenges of local government in the promotion of economic development.

This article analyses the case study for the program "Fair Play", a good example of the activity of local governments in creating the conditions for economic development, particularly for attracting investment and creating investment incentives.

The use of system analysis in the present paper is also worth mentioning. It was performed in the analysis of systemic conditions associated with the operation of the legal system which underlies the action of local government in Poland. Moreover, the article uses the method of analysing documents, in particular those concerning local development strategies of selected local government units. The collected data and information have been used to draw conclusions about the role played by the development strategy for local authorities in the management of economic development.

Furthermore, a comparative method was applied in order to achieve the objective of developing and verifying the hypothesis. It was used in the analysis of strategic documents in various local government units and the comparison of local authorities' attitudes with the issues of economy and local entrepreneurship. Moreover, the paper draws on the elements of the method of statistical analysis when seven cities in the province of Lublin are randomly selected for the study of their strategic documents.

Factors of stimulating local economic development

Local socio-economic development is a long, deliberate process of changes aimed at improving the status quo. These changes are both quantitative and qualitative. Quantitative changes include: an increase in self-government budget revenues from local taxes, increase in the number of jobs, increase in revenue of enterprises, increase in the Gross Domestic Product

(GDP), growth in investments, capital, production, consumption, and so on. Qualitative changes, as a reflection of this process, relate to, e.g., the competitiveness of the economy and modernization of its structure, increase in the participation of small and medium-sized enterprises in GDP, effective privatization, technical and technological progresses (innovation), or improvement in the skills of workforce.

The stimulation of economic development means undertaking public administration activities which influence the growth in economic activity and employment. The effectiveness of measures to promote economic development is very strongly correlated with an overall level of management performance in other areas of local government activity. What's more, the quality of management in other areas often has a greater impact on economic growth than direct actions (e.g., well-developed municipal services can stimulate the local economy more effectively than the activities of promotion by the municipality) (Zawicki, Mazur, Bober, 2004).

The activity of local government units is determined by statutory requirements. Any activity not prohibited by law or not clarified by laws of jurisdiction is treated as an additional burden for local government officials and activists. Economic policy is sometimes the result of a snap decision or reaction to the possibility of obtaining external funds.

Knowledge of a stimulating economic development is very often lost upon a change of local authorities. In local government units a hierarchical management structure dominates, typical for conservative forms of administration. This reduces the possibility of performing functions typical for economic development. Not only the lack of theoretical knowledge, but also insufficient practical knowledge in the field of fostering economic development and cooperation between local government units, can be observed. A number of failings result from the dominant administrative culture and from the treatment of office customers like objects.

Numerous studies on the behaviour of local governments and economic entities in Poland prove that both groups exhibit a tendency towards over-competition, in consequence of their failure to discern the need to cooperate in the face of external competitive pressure. This is a result of, inter alia, the long-term isolation of the Polish economy from influences of external competition, the low mobility of people, and the whole store of post-Communist heritage "deciding on a specific system of values." M. Zawicki, S. Mazur, and J. Bober (2004) rightly point out a catalogue of major challenges facing Polish local governments in regards to improving activities

to stimulate economic development. These challenges include:

- enhancing the knowledge of mechanisms of economic development among institutions and individuals involved in local development activities,
- honing the skill of organizing and supervising the work of task forces (in the context of local government units, between them and external institutions and organizations),
- ensuring the relative autonomy of organizational units operating in offices for economic development,
- ensuring the organization's ability to self-learn. This is due to, inter alia, the autonomy of internal structures, the quality of horizontal communication in the office, and the ability to create innovative structures defined by human potential which assures the transfer, consolidation, and development of knowledge and practical skills (appropriate age structure and possibility of substituting one another at work, possibility to work in a team),
- refining the skills of assessing and evaluating investment projects, both the individual ones and those carried out in consultation with other units of local government,
- increasing skills of cooperating on the basis of the principle of calculation of costs and benefits in inter-municipal relations (by entering into civil contracts, etc.), to create clear mechanisms which regulate participation of the parties in the future benefits of projects,
- improving the mechanisms for vertical and horizontal cooperation which determine effective territorial marketing (e.g., the promotion of the municipality or the district in cooperation with the Marshal on the basis of the regional development strategy),
- polishing skills of integrated development planning (spatial, economic, social and environmental planning),
- enhancing the institutional and organizational structure of local government units with the aim of providing entrepreneurs and farmers with comprehensive services,
- lending professional assistance to the SME sector operators and farmers in completing applications for aid,
- improving mechanisms for monitoring and evaluating the effectiveness of aid.

The above mentioned challenges are often difficult to achieve. This is often due to financial and organizational factors, and the attitude of local authorities to the issue of stimulating economic

development. A large part of the local government and most of its financial and organizational efforts are dedicated to the execution of current tasks. They often lack the time, financial resources and commitment to initiate changes in the organization of the office, and enable local communities to formulate a common vision and development goals.

On the other hand, there are a number of external instruments supporting local governments in the implementation of modern management systems. An example of this is the implementation of the Human Capital Operational Programme for the years 2007-2013, under which projects aimed at improving the quality of management in public administration were funded. Under the project "Good Governance" implemented in recent years, more than 150 projects involving local governments were realized. Thus, in many cases, the success of local government in the field of local economic development depends on the attitude and initiative of local authorities.

Instruments for creating local economic development

A modern local government in Poland, and in the world, plays an important role in stimulating entrepreneurship and economic development in its territory. Economic development, among other things, increases employment and generally improves the social and economic life of local communities and contributes to the development of the country as a whole.

The above-mentioned system-founding rules of self-government in Poland, as well as a number of internal and external conditions, pose an excellent opportunity for local authorities to ensure that the idea of self-government and the benefits of its implementation are used as efficiently as possible, accomplishing the pursued aims for development. On the basis of an analysis of practical and available sources, specific tools and instruments can be distinguished from among many instruments of creating effective economic development.

The first basic group consists of plans and programs run within the local area. The implementation of a strategic planning process of an appropriate quality in a given area is essential for encouraging local development. Research conducted in Poland on the investment appeal of Polish local governments shows that the second place, in terms of indicators of the attractiveness of the municipality, is occupied by strategic and planning documents of a sufficient quality and content. Local authorities should therefore present the so-called strategic approach; namely, they should have a vision of development based on a specific potential for development of a territorial unit.

This vision should of course reflect both the potential and actual needs of a local community and potential investors.

The strategic planning process begins with a proper assessment of the area of research, analysis of its problems, and the formulation of development objectives. All the above should be included in a strategy document, which is a local development strategy. The remaining trade plans and strategies, such as land-use planning, environmental program, waste management plan, entrepreneurship development program, and so on, arise from this basic study.

Another group of instruments affecting the economic development of the municipality are activities connected with infrastructural projects. These actions should result from the development strategy and should be correlated with the investment plans of the municipality. For native entrepreneurs, especially for investors, the quality and level of infrastructural development are a key prerequisite to investing and creating new jobs. Not always, however, are local authorities aware of this fact. Unfortunately, it is often conditioned by the lack of funds for capital expenditures, which is partly due to the inadequate planning of local government finances in the period of many years. EU funds are an important aid in implementing investment projects by municipalities in Poland; however, their amount is limited.

The so-called instruments of regulatory powers (i.e. orders, prohibitions, permits or decisions) constitute an important group of tools at the disposal of the Polish municipality. Of course, local administration bodies are obliged to act in compliance with applicable regulations, but practice shows that officials often use the so-called broad interpretation in the assessment of certain facts and laws to the detriment of customers. This creates a hostile image of local public administration in the consciousness of not only the local community but also business investors. Nowadays local governments that support and implement certain customer service standards are more and more often promoted.

A competition "Fair Play Municipality" - Certified Investment Location, affiliated with the National Chamber of Commerce and organized by the Research Institute for Private Enterprise and Democracy, is worth presenting and promoting. A "fair play municipality" is, according to the guidelines of the contest, characterized by an active involvement in organizational promotional and financial activities organized to attract investors to the municipality; attempts to solve emerging problems by mutual agreement; fulfils commitments; continuous improvement of municipal infrastructure; promotes pro-ecological investments and facilities adapted

to the needs of people with disabilities; follows the rule of law and a high ethical level of municipality employees; consults with residents and cares for their needs; and, finally, cooperates with local businesses.

The objectives of the competition, defined by its initiators and included in the rules of the contest, are the recognition and promotion of 'investor-friendly' municipalities; increased interest in the municipality showed by investors and the media; promotion of transparent relationships with businesses and the local community; promotion of cooperation between business and investor-friendly municipalities; encouragement of municipalities to develop appropriate standards of service for businesses by introducing appropriate changes in the internal organization of work; support for the efforts made to attract new investors; promotion of investment-friendly environment and people with disabilities; help in exchange of information on effective methods of promotion of investments between municipalities; and the encouragement of all municipalities in Poland to be integral and honest in relationships with entrepreneurs.

There are many benefits for municipalities participating in the program. They can be seen in hundreds of municipalities, which have participated in various editions of the competition. The benefits primarily relate to networking opportunities with reliable businesses, as well as increased chances of attracting new investors. Thanks to their participation in the competition, municipalities receive objective verification that they fulfil requirements for certification, as well as obtain an independent assessment of investors who fill in research questionnaires given in the second stage of the program in all municipalities participating. Based on their ratings, the municipality obtains a benchmarking report - a unique tool to improve the quality of services for investors and improve the work organization of the office (Fair Play, 2013).

Analysing the instruments at the disposal of the municipality and of relevance to the development of entrepreneurship and employment, we should distinguish some of them. First are the so-called incentive-economic instruments. They relate to the policy of formulation and enforcement of taxes, fees, and prices for services and communal property. Very often the amount of taxes or charges and the preferences adapted in this respect by the municipality are important for investors while selecting municipalities for investments. What appears similar is the issue of public property management, which is based on a proper price formation for sharing property, the organization of tenders for the sale of property, and finally multiplication of property by the municipal

government and not a mindless selling-off of existing assets.

Institutional instruments, consisting primarily in supporting institutions which foster business, and thus the so-called business environment institutions, are the next group of instruments for supporting the development of entrepreneurship in the municipality. Even the smallest municipalities should have a bank, a post office, an NGO, or a consulting firm which provides advisory and training services for businesses, organizations or companies. Municipalities may, to a large extent, initiate the formation of such institutions. They can also initiate cooperation between entrepreneurs, business institutions, and other entities.

Instruments of information are a very important group of instruments relevant to the economic development. They operate within the framework of the so-called local government information policy. In practice, economic information is, for entrepreneurs and investors, an important element of the development of these entities. The municipality can create and share databases with interested firms, including not only individual sectors of economic activity operating within its territory, but also potential business partners, information about investment areas (detailed in the form of an investment offer), stocks of raw materials, and so on. Instruments of information, which are part of the information policy, also include promotion and territorial marketing which constitute an important area of activity in the conditions of the so-called self-government territorial competitiveness.

The above elements are the most important instruments and tools available today in municipal self-government in Poland. As already indicated, they often do not arise directly from the existing legislation but from the standards adapted by the municipality, Western patterns, or the so-called new model of public management in public administration.

Local development strategy as an essential tool to create conditions for economic development

Meeting the needs of local communities and creating conditions for increasing competitiveness of local government and entities which operate there is associated with the development of local government and local development.

The considerations of Marek Ziolkowski (2007) (Kozuch, 2011) appear relevant here since he defines the essence of local development, indicating that this is a process of positive changes in the form of quantitative and qualitative changes in a given territorial unit and it takes account of the needs, priorities, preferences and the value systems of

residents. Furthermore, a harmonized and systematic action of public authorities, communities and other entities operating in the area to create new and improve the existing values of a territorial unit, create favourable conditions for economy, and ensure that spatial and ecological order is an essential feature of local development. Local development consists mainly of the actions undertaken upon the will of the so-called local actors of social and economic life (Sikora, 2004).

The optimal development of the proportion between the following elements: the needs, preferences and the recognized systems of values of inhabitants; functions (activities); land development; natural environment and cultural heritage; is crucial in the process of local development. These proportions, certain relationships and the ability to influence local socio-economic development, also in relation to a set of external factors, should be determined by a basic management tool for self-organization, which is the strategic planning and local development strategy.

An efficient local development management process takes specific characteristics of the municipality as an organization into account. The operationalization of the objectives of municipality development shall be made through the development and regular updating of program documents. Local policy planning documents prepared in the municipalities reflect local policy; i.e.: Local Development Strategy, Local Regeneration Programme, Multiannual Investment Plan, Environment Programme and Local Regeneration Programme. The hypotheses put forward in program documents are feasible only if the local community joins the process of preparing and implementing the program at its various stages. It is also necessary to link documents with plans created at the regional and district levels of self-government.

Provisions of municipal councils regarding the adoption of programming documents, which regulate development, provide the legal basis for drawing up a strategy of development. Development and adoption of planning documents, apart from the obvious positive aspects that they arrange and identify a direction for the municipality, build foundations for its actions, and have educational value for residents and potential investors (Krajewski, 2012).

This strategic planning and the very strategy are key elements of strategic management. Strategic management is a process of defining and redefining strategies in response to changes in the environment or with the intention of being ahead of changes or even initiating them. This is coupled with the implementation process, in which the resources and

organization skills are used to achieve long-term development goals and secure the survival of an organization in the so-called conditions of uncertainty. Strategic management is also based on strategic thinking and approach, characterized by originality, creativity and power of imagination, the desire to create something new and the ability to realize it in a way which enhances efficiency and ensures competitiveness of the organization (Gawronski, 2010). Of course, strategic thinking, in the case of local government, is primarily a domain of local authorities.

The law in Poland does not impose an obligation on local authorities to formulate a development strategy. An exception here is the act on regional governments, which contains an instruction to work out a strategy for development of the region. In the case of municipalities and districts, numerous social and economic advantages as well as benefits resulting directly from using funds from the EU budget, as part of our membership in this organization, are motivating factors for the development, adoption and implementation of strategic plans (Pajak, 2011).

Strategic management in the conditions of a public organization, particularly at the local government level, is characterized by a certain specificity. It results mainly from the status of local government, which is determined by legal, financial, organizational or territorial restrictions, as well as a specific circle of addressees of public services. However, for Henryk Gawronski (2010) strategic management in local government can be described as future-oriented planning and selection of development goals and tasks to be carried out, implementation of these decisions, as well as the monitoring and controlling of implementations of the adopted decisions. The essential features of management embrace in particular:

- a comprehensive approach to the problems of development, involving the recognition of interdependent spheres of economic, social, spatial, ecological and cultural diversity;
- an efficiency of using endogenous growth factors;
- a treatment of local government as part of the environment;
- an orientation for the future;
- a compliance with the principle of economic rationality;
- a gradual implementation of the principles of sustainable development.

Strategic planning (Pytlak, 2011) is long-term planning aimed at defining and implementing specific objectives of local organizations. Strategic planning is closely connected with the functions of the decision-making process of management, increasing adaptive

capacity by being able to significantly reduce the uncertainty of functioning and development in a changing environment. Strategic planning is based on forecasting and developing the concept of action and different variants of the plan. It takes account of the potential restrictions that the organization may encounter on the way of development. These include not only the internal conditions in the form of financial barriers or constraints on resources (including a lack of competence), but also an insufficient level of the organization's information on the changes occurring in the environment as well as the actions of the competitors. For the local government units, the latter are mainly local authorities from the neighbouring areas.

The main tool for setting goals, directions and methods of operation in the strategic planning process is the strategy of local development. It is characterized primarily by (Wysocka, Koziński, 2000):

- a focus on sustainable development values and stable elements of the potential, the resources and the environment of the local government;
- a subordination to the current long-term actions to strategic goals;
- a holistic approach to development issues through the systemic approach;
- an active participation of local authorities and communities throughout the formulation and implementation of the strategy.

The process of strategic management in local government units is complex. It includes in particular the development of the organization's strategy, its implementation, control and management of strategic change. The responsibility for all the activities in this area rests with the local authorities. However, one of their objectives is to involve as many representatives of the local community as possible.

The stages of the strategic management process are complex and include a variety of activities that should be performed in a specific order. These stages include:

- Initiating and agreeing on the strategic planning process (Brook, Jachowicz, 2005). This step is often referred to as "plan for planning". It consists, among others, of the decision to initiate the process, to determine the scope and schedule of material and financial activities and to identify stakeholders; i.e. the entities influencing the strategic planning process (Gawronski, 2010).
- Conducting strategic analysis, which assesses the local government against the background of its environment (Gawronski, 2010).
- Diagnosing the local government, which is a starting material to work on the development strategy.

- Conducting a SWOT analysis, which is a technique of qualitative research. The result is a list of such factors as the strengths and weaknesses inside the local government unit and the opportunities and threats that exist in its external environment (Gawronski, 2010).
- Conducting the analysis of the problems in the various fields of the social and economic unit of the local government.
- Identifying and formulating objectives (mainly on strategic and operational levels), activities and specific projects.
- Developing a set of measures of objectives and actions.
- Finally collecting all the data and finalizing the development strategy document and its approval by an authorized entity (e.g. a municipal council).
- Implementing the strategy, promotion, information, monitoring and evaluation.

The development of a local development strategy document based on the above mentioned steps is deliberate and facilitates the coordination of objectives and ways of achieving them at all levels of governance in the local government unit. The local development strategy is the overarching planning document in relation to the operational documents, which are long-term investment plans, development plans and sector programs relating to the functioning of the various spheres of local life. Often, however, the authors of both development strategies, as well as the local government operational documents, do not retain consistency with the operating strategy, which leads to inefficiencies in the formulation of the concept of development, as well as the implementation of their realization.

Creating a local development strategy is a process in which the basis of certain workflows is possible to verify. Strategic management is a continuous process in which operations are carried out periodically (Gawronski, 2010). This is mainly due to the updating of the development strategy, which is necessary. The development strategy is on one hand a substantive document, and on the other hand is a source of local law. The Strategy provides the predictability of developments, in particular for current and potential investors who expect from local authorities and other institutions a stable vision and development goals.

The outline of the process of strategic planning presented above is most commonly followed by Polish local government units. On one hand, it requires a lot of logistical and organizational effort from local authorities. On the other hand, however, it encourages the participation and inclusion of representatives of the local community, including the business community and business environment institutions.

Local policy of economic development in selected cities based on the analysis of local development strategies

The development strategy of the municipality is mentioned at the outset of the planning instruments aimed at, inter alia, the formulation and implementation of the policy of local economic development. Currently, the development objectives of local government units in the large majority are set out in local development strategies developed in the years 2007, 2008 or 2012, to about 2015 or in some cases to 2020. Adapting such a time span in the strategies has often been conditioned by the EU programming period of 2007-2013.

To achieve the objective and to verify the assumptions of this article, we have conducted an analysis of the development strategy of randomly selected district towns of the Lublin Region. The analysis covers the economic sphere and the development of entrepreneurship. The selection of the cities is based on two factors: the status of the district town and its location. The analysis involved the diagnosis of the economic sphere and business, formulation of the mission, and the vision of the development as well as strategic goals.

Regarding the diagnostic part, the general municipal governments describe the situation in terms of economy and business. The range of this information is rather similar. Out of the 20 district towns in the Lublin province, seven examples were randomly selected and described, since the analysis of the development strategy of the other cities shows that the range of information and value for municipal authorities is similar.

In each case, a quantitative analysis was performed regarding the companies operating in the city. However, this was often done without the analysis of the so-called historical data; i.e. without any indication of the trend of development, or downward trends in this area. The main remark that should be addressed to the authors of the strategy is that the information about the economy was rather cliché. Very often the strategy does not apply to specific conditions relating to the economic potential of the cities. The investment potential of a city was described only in very few cases, although it is the basis for the investment promotion and encouraging potential external and indigenous investors. In these cases the experience of effective cooperation with investors was not described, even if it took place. The diagnosis does not contain the information about the economic development policy pursued by local authorities and other institutions. What's more, no instruments to support businesses, such as exemptions or tax incentives, information policy, consulting or

training, were presented. Admittedly, the so-called business environment institutions were mentioned, but no broader characteristics or offer was presented.

The shape of the vision and the mission in the formulation of the city development indicates specific directions of development and the way that local government should follow these assumptions in order to achieve their objectives. Only in some cases does the formula of the mission, which is the general goal of the development strategy, refer to the potential and development conditions of the local government. Although local governments typically include management issues in the mission and sometimes also in the vision of development, the basic problem at this stage of strategic planning is that no indication of the real strategic advantage is offered. For example, such a strategic advantage should be defined on the basis of a professionally prepared SWOT analysis. One of the consequences of such errors is an incorrect formula of the strategic objectives, which should actually follow from the strategy mission and be consistent with it.

Finally, we have analyzed the detailed directions of the development of a self-government unit as specified in the strategic goals. In virtually all the cases analyzed the issues of economic development and business development for the city is important. The formula of the strategic goals (often nothing more than a terse statement), their justification and elaboration, indicate that local governments do not have a real and effective concept of supporting the entrepreneurship and creating the conditions for its development. It should be emphasized that the strategies fail to indicate the so-called competitive advantages and the key sectors of the economy. Moreover, any viable concepts of attracting investors are also missing. Local governments too often wait with their arms folded for foreign investors with large cash resources, while little effort is made to strengthen the position of the businesses already operating in a given area. Local authorities should support strong native companies that demonstrate creativity and innovation.

It is worth noting that alongside strong competition and globalization, local governments and local communities also have a chance to create conditions for innovative development by using local diversity, a diverse potential, and a good business concept in the first place.

Conclusion

The analysis of the instruments of creating and implementing local economic development policies that have been presented above indicates the important role of local authorities as actors responsible for this development. The development strategy, as one of the

instruments of local development planning should be a key platform within which local authorities should implement local development, cooperation, integration and promotion of the area. However, the analysis of the district town development strategy indicates that local authorities are still not aware of the importance of this management tool for the local economic development. The development strategy is very often treated as a 'necessary evil', needed only for the use of external financing of the budget. Another problem is the low involvement of the business community in the process of creating strategic documents. Practice shows that among the participants of the workshops and public consultation on the strategy development, entrepreneurs make no more than 5-10%. This is due to several facts. First, the level of cooperation between the local government and entrepreneurs is still very low. Secondly, the representatives of the two sectors are not fully aware of the importance of this cooperation and its possible effects. Thirdly, as is shown by the above analysis of the strategy, too little space is devoted to the formulation of economic and development goals. This problem is magnified by the fact that local governments do not develop detailed plans or programs of economic development or business development.

Municipal self-government in Poland has legal, organizational and institutional capabilities for creating economic development. The efficiency of activities depends to a large extent on the attitude of local authorities, their awareness, knowledge and skills. There are also external factors that often hinder the development of the investment (location, limited property sources). Local government, however, has a number of external funding instruments to support economic development. In order to achieve the desired effects and use the above mentioned possibilities of the creation of local development, local authorities should 'be open'; acquire knowledge, skills, and information, and implement modern management systems in administration.

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La stratégie de développement de la commune comme un instrument de la politique de développement économique

Sommaire

Le développement économique dépend non seulement de l'activité du secteur des entreprises, mais aussi de la politique de développement économique aux niveaux central, régional et local, exercée par les autorités publiques. Le développement de la modernisation de l'administration publique en Pologne après 1989 a contribué à l'augmentation de la capacité des autorités publiques à influencer sur les processus économiques. Les processus de globalisation,

ainsi que l'adhésion de la Pologne à l'Union européenne, ont défini l'importance du secteur public dans la création de conditions favorables au développement économique, y compris le développement de l'entrepreneuriat. Dans le même temps, le rôle de l'administration locale dans la stimulation des processus de développement au niveau local a considérablement augmenté. Cela s'est produit surtout après l'entrée en vigueur de la macro réforme de

l'administration publique en 1999 et après la création des niveaux ultérieurs de l'administration locale en Pologne (district et voïvodie). Il y avait, par conséquent, une plus grande décentralisation de l'administration publique, y compris les tâches et les finances publiques. L'autorité locale, en particulier au niveau de la commune, a reçu de nouveaux instruments à influencer sur le développement local. Ces instruments ont été identifiés à la fois dans le droit public (Constitution et lois locales), ainsi que dans les normes de la gestion publique mises en œuvre dans l'administration locale, dont l'un des outils de base est une stratégie de développement local.

Parmi les trois niveaux de l'administration locale en Pologne, c'est la commune qui possède les plus grandes capacités et compétences dans le domaine des activités de développement. Ces capacités sont dues en partie à des bases constitutionnelles, en partie au régime de la législation détaillée et à une pratique spécifique de fonctionnement.

Bien que parmi ses tâches la commune n'ait pas dans son champ d'application de tâche relative au développement économique, il convient d'adopter l'opinion d'Antoni Kozuch (2011) qui montre plusieurs groupes d'instruments pour stimuler le développement économique par les communes. Selon l'auteur, en raison de la forme et de la portée des instruments utilisés par les autorités locales pour créer un développement économique, ils peuvent être répartis dans les groupes suivants : juridiques et administratifs, institutionnels et organisationnels, économiques et financiers, de planification et d'infrastructure.

L'objectif principal de cet article est de déterminer l'importance de la stratégie de développement local dans le processus de formulation et de mise en œuvre de la politique de développement économique local par des autorités locales. À cet égard, dans l'article on fait des tentatives pour répondre à la question : les autorités locales utilisent-elles correctement et efficacement l'outil de gestion publique, tel que la stratégie de développement, pour promouvoir le développement économique dans leur région. Le but de cet article est aussi une analyse des instruments de promotion du développement économique qui peuvent être utilisés par les autorités locales en Pologne.

Le principal objectif des recherches effectuées et décrites dans l'article fait référence à l'analyse et à l'évaluation de la mise au point et du contenu de la stratégie de développement local. L'objet de l'analyse est d'évaluer la politique des autorités locales dans le domaine économique et du développement de l'entrepreneuriat. Les recherches ont été menées sur la base des stratégies actuelles de développement local des autorités locales de la voïvodie de Lublin choisies au hasard. L'analyse s'est concentrée en particulier sur l'évaluation de la partie diagnostic, de la mission et de la vision du développement ainsi que de la formulation des objectifs et des priorités dans les documents de la stratégie dans le domaine des activités de développement au profit de l'entrepreneuriat local et dans celui de l'économie.

Dans l'article, on a formulé l'hypothèse que, malgré plusieurs instruments, formels et matériels, créant le

développement économique et le développement de l'entrepreneuriat, la plupart des autorités locales n'évaluent pas suffisamment l'état actuel de l'esprit d'entreprise et les tendances du développement ainsi que le potentiel dans ce domaine. D'autre part, les objectifs de développement économique formulés sont peu novateurs, ambitieux et concrets. Dans de nombreux cas, ils sont incompatibles avec les analyses des potentiels économiques effectuées précédemment dans les stratégies. Ils ne résultent pas non plus directement de l'analyse du micro et du macro environnement qui affectent la position et le développement d'une unité locale donnée.

Pour effectuer ces analyses et recherches on a utilisé certaines méthodes de recherche. La mise en œuvre de l'objectif de la recherche est possible en utilisant une méthode descriptive fondée sur une étude de la littérature et de différents types de documents et des analyses sur la politique de développement économique et les tâches des autorités locales qui mettent en œuvre cette politique. Il faut également indiquer la méthode d'analyse systémique utilisée dans l'article. Elle a été utilisée dans l'analyse des conditions systémiques liées au fonctionnement du système juridique qui constitue la base du fonctionnement de l'administration locale en Pologne. Dans l'article, on utilise aussi la méthode d'analyse de documents, en particulier ceux de la stratégie de développement local des unités locales choisies. Les données et les informations recueillies ont été utilisées pour formuler des conclusions sur la détermination du rôle joué pour les autorités locales par la stratégie de développement dans le processus de gestion du développement économique.

Pour atteindre l'objectif de l'élaboration et de la vérification de l'hypothèse, on a aussi utilisé la méthode comparative. Elle a été utilisée dans l'analyse des documents stratégiques dans les différentes unités locales et dans la comparaison du rapport des autorités locales à la question de l'économie et de l'entrepreneuriat local. Dans l'article, on a utilisé également des éléments de la méthode d'analyse statistique dans le domaine de la sélection aléatoire de sept villes de la voïvodie de Lublin pour l'analyse de leurs documents stratégiques.

Les autorités communales en Pologne ont des capacités juridiques, organisationnelles et institutionnelles pour créer un développement économique. L'efficacité des actions dépend dans une large mesure de l'attitude des autorités locales, de leur conscience, connaissances et compétences. Il y a des facteurs externes qui empêchent souvent le développement de l'investissement (localisation, ressource de biens limitée). Les autorités locales ont cependant un certain nombre d'instruments de financement externe qui soutiennent le développement économique. Pour atteindre les effets désirés et pour utiliser des capacités mentionnées ci-dessus, il faut, entre autres : coopérer – « être ouvert »; acquérir des connaissances, des compétences, des informations et adopter des systèmes modernes de gestion dans l'administration.

Mots-clés : stratégie, développement, économie, administration locale, décentralisation

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