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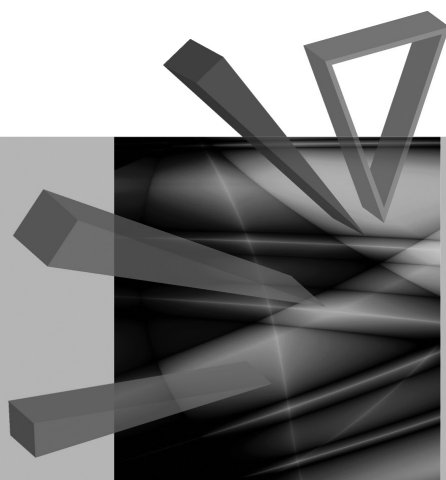
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# **Local Economy in Theory and Practice**

## **Local Development Governance Aspects**



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## **LOCAL ACTORS AND LOCAL DEVELOPMENT. THE CASE OF POLAND**

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**Summary:** A return to locality, the power seen in activities leading to socio-economic development at local level, confirm the importance of research and debate on the significance of local actors in local development. That is why the paper focuses on the role of other actors of local development. There are also activities that can be undertaken by local actors in order to effectively influence local development. Experiences connected with the role of local authorities in local development confirm their importance in this process. It needs to be mentioned, however, that local authorities are not the only actors of local development. Entrepreneurs, local society and non-government organizations also influence the direction of local development. Nowadays, there is a great focus on the effects of co-operation between local actors for local development.

**Keywords:** local development, local actors, non government organizations.

### **1. Introduction**

The changes which take place in a contemporary economy do not reduce interest in the locality. On the contrary, it shows that a spatial unit at the local level is often left to itself in the context of changes and the problems resulting from them. It is at the local level that these changes are felt most.

With revitalizing local government in Poland, and the establishment of the municipal, district, and voivodeship levels, the authorities of spatial units were assigned specific tasks. Local authorities have been obliged to perform certain tasks, aimed at satisfying the needs of local society as well as the programming and implementation of local development. These specific groups of tasks are not the only activities undertaken by local authorities which lead to local development. One of the key EU documents concerning the significance of local authorities in socio-economic development is called *Local authorities: actors for development* [Local authorities... 2008]. This document underlines the meaning of local authorities in co-operation and development policy, in particular setting a strategic and coherent framework for the exchange of experience and enhancing their participation in developmental projects. According to the *Local authorities: actors for development*, local authorities provide

unique added value in the development process. Apart from their defined activities, local authorities exceed their own locality and play an important role in mobilizing interested actors for co-operation. In this way they contribute to creating the spirit of co-operation necessary for achieving joint development aims. Local authorities are engaged in development processes by increasing public awareness and supporting this process through their proximity, experience and the knowledge of the specific needs of local communities.

The experiences connected with the role of local authorities in local development confirm their importance in this process. It needs to be mentioned, however, that local authorities are not the only actors of local development. Entrepreneurs, local society, and non-governmental organizations also influence the direction of local development. Nowadays, there is a great focus on the effects of co-operation among local actors for local development.

Local authorities are the only subject influencing local development. A return to “locality” and the power seen in activities leading to socio-economic development at local level, confirm the importance of research and debate on the significance of local actors in local development. That is why the paper focuses on the role of other actors of local development. The significance of local actors in local development is discussed in terms of business climate and local development potential. Sometimes, their proximity allows local actors to adapt instruments and methods to the needs, and helps to undertake appropriate activities which lead to solving current social and economic problems.

## **2. Non-governmental organizations and local society for local development**

Since the mid-1970s, there has been a growing interest in the issue of “locality” and the notion of “local economy”. The formulation of the notion of “local development” at the time did not mean that the notion was new, or unknown. The initiatives for the benefit of local society have always been a part of self-government, or self-help activities. They were connected with improving the standard of living, the use of local resources, looking for effective solutions and modern methods of management [Parysek 1997, p. 47]. In order to disseminate the notion of local economic development, in 1992 the European Network for Economic Self-Help and Local Development<sup>1</sup> was created. Its aim was also an exchange of experiences, ideas and results of conducted research in the field of e.g. local partnerships, structures and concepts of a Social Economy, community economic development and social

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<sup>1</sup> “The aims of the European Network are the promotion of a *transnational cooperation* by organisations and campaigns working for economic self-help and local development as well as the enabling of joint project work and the creation of a strong lobby in Europe for our interests”, <http://www.european-network.de/englisch/projects.htm> (date of access: 22.05.2013).

enterprises, training of local actors, East-West European cooperation, social capital and acting locally for employment.<sup>2</sup>

Local development is so-called “development from within” [Birkhölzer 2009, p. 3] “grass-roots development” which is based on its own possibilities, unique assets, or non-material resources. According to S. Aaronovitch from the Local Economy Policy Unit in London, “there is no escape from self-help” [Birkhölzer 1999, p. 43; compare *Agenda 21*]. Local development can also be understood as the quality transformation relating to a particular area in terms of standard of living and the conditions of the economic entity operating [Parysek 2001, p. 22].

Local development is a process which takes place within a given territory, dependent on the ability to create and stimulate its own development. It may be identified with intentional actions of local authorities or inhabitants which aim at creating new values, and the rational and effective use of human, natural and cultural resources. The realization of local development requires actions at local level which take into account the unique character of a given local government unit. Local actors are groups of people or institutions affecting the realization of local development which include: local authorities, non-governmental organizations, enterprises and local society [Famulska, Znaniecka (eds.) 2004, pp. 24–25].

Non-governmental organization (NGOs), also called the third sector, play an active role in the local context. The organizations belonging to the third sector have the following features: organizational structure and formal registration, structure independent of public authorities, non-profit character, sovereignty and self-government, voluntary character of belonging. They have a social function and at the same time influence local entrepreneurship. Due to their proximity in the local environment they can provide social services, react to the current needs and threats as well as formulate developmental prospects. They are often perceived as social innovators. They contribute to creating social capital [see Bourdieu 1986; Woolcock 1998; Sabatini 2006] and alternative, “non-business” workplaces.

Activities for co-operation which can be undertaken by NGOs, are significant for local development. Local development can be perceived through the prism of benefits which can be obtained by the local community. Co-operation between local entities and creating favourable connections (settings) inside local society contribute to forming personal relationships. These relationships create and support a climate of trust and allow for a transfer of cultural values and skills to their successors.

The specific assets of local culture, combined with the qualifications and skills of local entrepreneurs, contribute to forming characteristic local settings between entrepreneurs in this area [Domański 2001, pp. 127–134]. In this context, one can emphasize the role of NGOs, which organize the local community, engage them in addressing and solving issues concerning them.

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<sup>2</sup> <http://www.european-network.de/englisch/projects.htm> (date of access: 22.05.2013).

Non-governmental organizations' activities focus on: building relationships within the local community, identifying locally important issues or problems and mobilizing inhabitants around them. They also focus on creating an institutional base for solving these problems and activities leading to undertaking co-operation among different local actors. They contribute to creating local coalitions, and particularly to initiating a consensus with the authorities. [Lewenstein 2001, pp. 105–115, after Skrzypiec 2012].

The literature concerning local development broadly describes the role of activities undertaken by inhabitants. These activities are perceived as non-institutionalized initiatives, which appear independently of local authorities and thus enjoy the recognition of local communities [Sikora 2004, p. 106]. Local development is connected with local communities, as it is a consciously oriented and organized process of social changes occurring with the participation of these communities. The guiding principle of local development is: “local jobs for the local community using local resources” [Birkhölzer 2006, p. 30].

Local communities are often described in the literature as entrepreneurial because they can organize themselves in situations requiring rapid reaction, can initiate action and inspire local authorities to make decisions and solve problems. On the one hand, they inspire themselves to take action, and on the other, they can operate on the basis of the incentives of other entities. “Entrepreneurial local communities are the basis for developing business climate in a given local community [...]. Local communities reflect recognized principles and values which are rooted in the family, school, education, beliefs, religion, work, etc. The local community is a group of entities which are able to work together towards an idea, a solution to the problem of particular entity. These groups are able to take fate into their own hands, they want to seek and take advantage of opportunities and possibilities in an innovative way” [Ochojski 2001, p. 47].

In view of the above, one can refer to the concept of social capital. The existence of strong local community ties is determined by social capital. It shapes various forms of local life in a group based on the similarity of the situation and the conditions, as well as the similarity of the norms and values they recognize. Social capital is the base for the traditional system of control of informal behavior of its members. It is also significant for public opinion shaping and in organizing cultural activities [Sikora 2004, pp. 87–89].

On a local scale, the importance of social capital is manifested by the fact that people invest in the relationships with others because they expect a return on this investment. This investment will additionally transfer into market values. Therefore, the potential created in social networks becomes an investment [Lin 2001, p. 3].



### 3. Local activity and effects for local development – case study

In practice the forming of local systems or the cooperation of local actors, may take a formal (e.g. clusters) or an informal form. They can be divided into those initiated by local authorities, and those formed by local communities, non-governmental organizations or another leader. As an example of activities contributing to local development, we could use the example of a company located in the small town of Wieruszów (which changed the socio-economic situation of this town and influenced the direction of its development) and NGOs (as a driving force to initiate positive changes in a small locality).

The first case concerns a company called Zakład Płyt Wiórowych – ZPW (a company producing MDF boards) founded in 1974, located in Wieruszów, which can serve as an interesting example of an enterprise which, through its activities, contributed to the appearance of many small businesses related to the same sector in the local market. The process of building the factory directly contributed to the local development in this territory. In 1958, the city had a population of about 4.5 thousand inhabitants, in 1979 ca. 6.5 thousand, and in 1991 it reached 8.3 thousand inhabitants. In the 1970s there was a particularly high dynamic of population – an average annual increase of about 190 inhabitants, and in the 1980s about 150 people per year.

With the inflow of people (mostly young people around 25–30 years old) to the city the infrastructure developed [*Studium uwarunkowań...* 2012, p. 61]. The influx of population began in the early 1970s and was linked to the construction of the factory, which, with time employed about 1000 employees.

The factory was developing and new initiatives appeared (the department of MDF laminated boards was opened, the production of artificial veneer and edge worktops appeared), which was associated with a further need to hire specialists. The ZPW factory influenced the inflow of human capital: technical engineers of various industries such as wood technology industry professionals, electricians, process automation engineers.

As a result of ZPW operating in Wieruszów, new facilities and objects of social infrastructure: e.g. the company housing estate, cultural center and a kindergarten were created. In the city new teaching profiles in the technical and vocational school were also created. The economic infrastructure of the city was also being systematically improved. A new railway station, a municipal sewage system, a sewage treatment plant and sewage collectors were built. In the period of the economic transformation, in the area of Wieruszów a lot of small carpentry companies were set up as a result of ZPW, the chipboard market leader, appearing. ZPW was the basis for the development of enterprises in the furniture sector. A lot of them still exist today as popular furniture factories in Poland and abroad. ZPW enabled them to access new technology and machines and to learn a production process. The factory made it possible to acquire new skills and qualifications – most importantly, ZPW was

a supplier of materials for production at a minimum cost of transport. Many owners of start-ups were employees of ZPW, before they started their own businesses. The opening of small furniture companies resulted in hiring other people and setting-up firms producing complementary products. Currently a lot of companies formed in the 1990s belong to the furniture cluster and meet the needs not only of the Polish market, but also foreign ones.

The result of the presented case was also creating a positive social relationship among citizens. An implementation of joint projects by workers and participation in common events created a unique atmosphere of trust. It influenced creating social capital, which later enabled setting up businesses and initiating cooperation.

Another example concerns the Bałtów commune (where the closure of the steelworks resulted in 13 thousand people being made redundant). It shows that a non-government organization can also be a driving force to initiate positive changes. In this case, the Association for Development of Bałtów Commune, “Bałt”, played a crucial role in its development. This association was an innovator, initiator, and also took over the tasks and the role of the local authorities and business sector. “Bałt” were so engaged in their activity that in a few years they contributed to the transformation of the commune. The commune, which was underdeveloped and threatened by unemployment, was transformed into a lively tourism centre with a well-developed infrastructure (the creation of the Dinosaur Park and other tourist attractions have contributed to the development of accommodation and catering facilities). Nowadays the commune is visited by two hundred thousand tourists per year. Local entrepreneurship has also developed and the budget of this commune has increased several times. In Bałtów over a hundred new positions were created, and unemployment has decreased from 30% to 7–8% [Bałtów – gmina... 2007].

#### 4. Conclusion

The presented examples show that the direction and pace of development of spatial units are not always programmed by local authorities. The initiative of enterprises, local communities, or NGOs can also contribute to local development and become the basis for determining further directions of development of given spatial units. It is, of course, desirable that all local actors co-operate with each other (exchange of information, recognizing each other's needs and priorities, mutual support in the implementation of the actions taken and their follow-up). The creation of a network of co-operation is important also because “a network of interactions between individuals – social network – is the basis of the economic system” [Vega-Redondo 2006, pp. 2305–2338]. To sum up, the most important issue in local development is to work out the rules of co-operation among non-governmental organizations, local government and the business sector. Local actors can be recognized as endogeneous resources of local development which increasingly influence the processes of development on a local scale.

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## **LOKALNI AKTORZY I ROZWÓJ LOKALNY. PRZYKŁAD POLSKI**

**Streszczenie:** Obecnie jednostka przestrzenna szczebla lokalnego często pozostaje sama na tle zachodzących zmian i pojawiających się problemów gospodarczych – to lokalnie najbardziej odczuwalne są zmiany zachodzące w gospodarce. Doświadczenia dotyczące roli władz lokalnych w rozwoju lokalnym potwierdzają ich znaczenie w tym procesie. Warto jednak dodać, że władze lokalne to niejedyni aktorzy rozwoju lokalnego; o trajektorii rozwoju decydują także przedsiębiorcy, społeczności lokalne czy organizacje pozarządowe. Obecnie coraz mocniej podkreśla się efekty współdziałania aktorów lokalnych na rzecz rozwoju lokalnego. Celem artykułu jest wskazanie znaczenia i roli wybranych aktorów lokalnych w rozwoju lokalnym.

**Słowa kluczowe:** rozwój lokalny, aktorzy lokalni, kapitał społeczny, organizacje pozarządowe.