Local economic policy and its impact on local development

Local development is a long-term and complex process. It means targeted, positive changes taking place in a given area, which are a response to the emergence of specific needs. Local (communal area council) authorities, using appropriate tools, undertake a number of actions to achieve the expected results, primarily in the form of satisfying the needs of residents and improving the socio-economic situation of the communal area council. Activities aimed at influencing the directions of changes in the economic structures located on the area of the communal area council and introducing the communal area council to the long-term development path are in line with the economic policy pursued by the local authorities. This policy is implemented in the communal area council by means of a set of decision-making, planning and investment instruments that affect internal (local) and external (non-communal area council) decisions of economic entities as well as other entities related to local entrepreneurship.

From the point of view of local development management, the decisions taken during the planning procedure and tasks defined in the local development strategy are crucial. It is a planning ground for economic, social and environmental development, which indicates the direction of the communal area council's development. The impact on local economic development through the goals of the strategy (objectives included in it) is determined, among others, by endo- and exogenous factors. It is particularly important for the local authorities to determine the tasks included in the strategy in terms of the implemented local economic policy.

The issue of the impact of local economic policy on local development is an important issue for local governments, and is also an interesting area of research in the field of economics. Many publications have already been devoted to the subject of local development, but the combination of this issue with local economic policy is a relatively new and dynamically developing research area. It is worth emphasizing that while studies on territorial authorities and local economic policy have already had rich literature and research; the mutual conditions of local economic policy and local development remain an issue that needs to be examined. Therefore, the content of the doctoral dissertation was subordinated to the answer to the question: If and in what
way local economic policy implemented by communal area council influences level and dynamics of development? The research problem undertaken is very timely, since the issue of influence of local economic policy on local development is in the center of attention of local governments, which more and more often are looking for model solutions in subject literature. Occasionally, some papers are published, which are indirectly addressing the issue of meaning and methods of influence of local authorities on local development, establishing certain regularities in communal area councils. The theoretical apparatus also often can not keep up with the real sphere monitoring. Therefore, there is a need to include in the research, still not fully recognized processes taking place in the system: the local government and it’s implemented economic policy and the local development. Moreover, it is not always the case among local authorities that there is awareness of creating – by means of appropriate instruments – local economic policy from the perspective of its impact on local development (despite the fact that the Polish local government model gives local authorities the possibility of affecting local development). Changing this perception, that is, local authorities awareness of the impact of local economic policy on local development, and thus taking action (using the instruments of this policy) is important from the point of view of meeting the needs of the population or the development of local entrepreneurship. This raises the need for explicit literature articulation of presenting the local authorities of its potential for influencing local development.

In the context of outlined situation for undertaking the subject, the research problem was an attempt to answer the question: If and in what way local economic policy implemented by communal area council influences level and dynamics of development? In the course of the main objective of the dissertation, that is, the identification of the impact of local economic policy implemented in communal area council on the local development, the main hypothesis has been subjected to verification: The type of local economic policy implemented in the communal area council affects the level and dynamics of local development. The complexity of the research issues resulted in the necessity to identify also detailed hypotheses, that is:

H1: it is possible to determine the type of local economic policy based on, among others missions and objectives included in the implemented development strategy of the communal area council;
H2: there are interactions between the type of local economic policy and the level and dynamics of development of the communal area council;
H3: the type of local economic policy implemented in the communal area council determines the path of its development;
H4: multidimensional data analysis methods, including linear ordering and dynamic classification, enable identifying groups of similar communal area councils in the level and dynamics of development (that is, the closest in terms of proximity in the multidimensional space of features).

The fulfillment of the main purpose of the dissertation and the verification of the research hypotheses (main and detailed) were carried out by completing the tasks defined for specific purposes, namely:

1 / the legal acts determining the system of local authorities in Poland, tasks and implementation of economic policy were reviewed;
2 / the theoretical foundations of local development (theories and concepts) have been identified;
3 / the definitions of local development were compared and the factors and measures of territorial development (including sustainable) were determined;
4 / the definitions of the local economy, local economic policy, local policy objectives were presented and the areas of the impact of local authorities on the economy were identified;
5 / the classification of instruments of impact of local economic policy on local development was made;
6 / the importance of strategic planning for local development and the source of financing for development were recognized;
7 / the socio-economic determinants of the functioning of the studied communal area councils were characterized;
8 / the fiscal and investment policies implemented in the analyzed communal area councils were characterized;
9 / the spatial policy and local economic policy realized in communal area councils were presented;
10 / the level and development tendencies of communal area councils in the following dimensions were identified and assessed including: economic and social with elements of institutional and political dimension and
environmental dimension with elements of spatial dimension and general local
development as well as level of diversification and dynamics of local
development in the analyzed communal area councils in comparison with
other territorial units at NUTS level 5 – communal area councils of the Lower
Silesian voivodship, including their types (urban, rural, urban-rural, cities
with district rights);
11 / relationships were established using the proposed methodology, based on
the relationship between indicators of the nature of the relation of the
variables from the diagnostic to the general criterion;
12 / relations between the type of local economic policy in the analyzed
communal area councils and the level and dynamics of their development
were determined based on the proposed methodology.

The layout and content of the work were subordinated to the main and detailed
objective, and thus:
1 / in the first chapter, the legal acts determining the system of local authorities in
Poland, tasks and implementation of economic policy were reviewed, which enabled
the achievement of the first of the specific objectives,
2 / the content of the second chapter allowed the implementation of the second and
third of the specific objectives set, that is the identification of the theoretical
foundations of local development (theory and concept), as well as an overview of the
definition of local development and the determination of factors and measures of
territorial development (including sustainable);
3 / implementation of the fourth and fifth specific objectives (presentation of the
definition of the local economy, local economic policy, local policy objectives,
identification of areas of local government influence on the economy and
classification of instruments of local economic policy impact on local development)
was favored by the information collected in the first chapter;
4 / implementation of the sixth of specific objectives, that is the recognition of the
importance of strategic planning for local development and sources of financing for
development was possible by the use of content presented in the second chapter;
5 / in the characterization, after the earlier recognition of the possibility of obtaining data, socio-economic conditions of the functioning of the analyzed communal area councils (the seventh objective), the content of the third chapter became helpful;
6 / determining the budgetary and investment policy implemented in the analyzed communal area councils (objective eight) served the content presented in the fourth chapter;
7 / implementation of the ninth objective, that is the presentation of spatial policy and local economic policy implemented in communal area councils, is the content of the fifth chapter;
8 / implementation of the tenth goal, that is the identification and assessment, after determining the reference values of indicators, level and development trends of communal area councils in the following dimensions: economic, social with elements of the institutional-political dimension, environmental with elements of the spatial dimension and general local development and the level of diversification and dynamics of local development in the analyzed communal area councils in comparison with other territorial units at the NUTS 5 level – the communal area councils of the Lower Silesian voivodship, including their types (urban, rural, urban-rural, cities with district rights) was enabled by the content presented in the sixth chapter;
9 / the proposal of a methodology for the determination of reference values (eleventh objective), based on ratios between indicators, was carried out in the sixth chapter;
10 / applying the proposed methodology to determine the relationship between the type of local economic policy and the level and dynamics of development in the analyzed communal area councils (twelfth objective) was favored by the content of the seventh chapter.

The implementation of the main objective and specific objectives required the use of the following research methods: literature studies and analysis of legal acts, methods of comparative analysis, methods of multidimensional statistical analysis. In addition, for the assessment of sustainable development indicators as a research technique, the following methods were adopted, among others: variable analysis, aggregate indicators and dynamic taxonomy ("analysis map" scheme). Proposed research methodology – analysis map – to assess the relationship between the local
economic policy implemented in the communal area council and the level and dynamics of development has been used during the study.

The spatial scope of the research covered various types of communal area councils (diversification of observation possibilities): city with district rights – Jelenia Góra, urban communal area council – Bolesławiec, rural communal area council – Jeżów Sudecki, urban-rural communal area council – Polkowice, and for the background of the research undertaken, all of the Dolny Śląsk voivodeship communal area councils were used.

The time range of the rural communal area councils analysis carried out in chapters 3, 4 and 5 was selected for the years 1995-2016, while in the sixth and seventh chapter (sustainability indicators), due to the availability of the necessary data, it was years 2002-2016. In some of the tables included in the paper, as indicated in the descriptive part, there were gaps in the data available in the GUS (statistics of local layouts of communal area councils in official statistics of the Central Statistical Office (GUS) is incomplete).

The work consists of seven chapters, introduction and conclusion. The first chapter was to explain the concept of local economic policy and its objectives, areas and instruments of influence. The second chapter explains: the concept, objectives, factors and characteristics of local development. The theories of regional and local development were also presented. The concept of sustainable development was described, as well as indicators of sustainable development (used to monitor sustainable development) were pointed out. The third chapter is devoted to the discussion of socio-economic conditions for the creation and implementation of local economic policy on the example of selected communal area councils. As the research objects, four communal area councils were distinguished in terms of economic, spatial, demographic and natural resources, also the characteristics of the analyzed communal area councils were made. The dynamics of changes on the labor market was analyzed and the transformations in the functional structure were discussed. The fourth chapter is devoted to the analysis of the budget and investment policy of selected communal area councils. The state of indebtedness of communal area councils in 2014-2016 was also discussed which implies the ability of communal area councils to make investments and is reflected in their development possibilities. The fifth chapter discusses the issues of spatial development and implementation of local
policy. The significance of the local development strategy as a planning foundation for economic development indicating the directions of development was emphasized. The sixth chapter measures and evaluates the level of local development in the analyzed communal area councils. The indicators and areas for the assessment of the level of development of communal area councils were separated and the reference values of the indicators were determined. An assessment was made as to the economic and social dimensions with elements of the institutional-political and environmental dimension with elements of the spatial dimension, as well as the assessment of the level of development in the analyzed communal area councils in aggregate terms. The forecasts for 2017, 2018 and 2019 were also determined and analyzed in terms of changes in the scope of sustainability indicators in the assessed dimensions for the analyzed communal area councils. The seventh chapter defines the relationship between local economic policy and local development in communal area councils. Dynamic taxonomy and the Euclidean distance matrix in the space of multidimensional features were used to identify groups of communal area councils similar due to the level and dynamics of development. Common goals were identified in strategies for the development of similar communal area councils due to the level and dynamics of development. Measuring of local development in communal area councils in terms of the objectives set out in local development strategies and determining the relationship between the type of local economic policy and local development in communal area councils provided information on the importance that local authorities attach to the issue of local economic policy.

The most important conclusions from the studies and critical analysis of literature carried out in the study are presented below. These are:

1. Detailed literature studies, as well as analysis of the strategies of the analyzed communal area councils, allowed to recognize and assess the type of local economic policy conducted in the analyzed communal area councils. On this basis, a preliminary, positive verification of the first detailed hypothesis was made, that it is possible to determine, on the basis of, inter alia: vision, mission and goals included in the implemented strategy of the communal area council's development, a type of local economic policy.

2. The discussed communal area councils differ in terms of socio-economic potential, including size, natural conditions, available resources, human capital, cultural and political determinants etc. The development of the
The majority of Polish communal area councils depends to a greater extent on exogenous, less than endogenous development factors. Therefore, the issue of barriers and opportunities for local development may be located more in the communal area councils themselves than in their surroundings. Nevertheless, the spatial location of communal area councils is an important factor affecting their development.

3. Socio-economic conditions affect the structure of income and expenditure of local government units, which in turn creates diverse opportunities to shape local economic policy. Based on the revenue potential of the communal area council budget, development scenarios can be developed which, as a result of the implementation of projects, generate future income. The dynamics of socio-economic changes in the local development process depends mainly on the sources and scale of income generated by the communal area council. The financial possibilities of the communal area council in connection with the quality of management determine "momentum" in determining the strategic goals of its functioning and development.

4. The developed indicator proposal and collected database made it possible to assess the level of development and follow the path of changes in the area of partial indicators, in the economic, socio-institutional, environmental-spatial and aggregate terms.

5. The local development strategy is a concept for the development of the communal area council. It is a useful document provided that there is coherence between the vision of the future written in this strategic document and that - perceived by the local authorities and its objectives are implemented (otherwise it is only a "dead" document, which has no impact, and information in it, appear not to be useful in practice).

6. Analysis of the strategies of the discussed communal area councils allowed to state that these communal area councils have common goals: environmental protection, creation of new jobs, sustainable development, etc. Literature studies, as well as analysis of the strategies of the studied communal area councils, allowed to recognize and define the type of local economic policy implemented in these communal area councils.

7. The implementation of the twelfth specific objective is directly linked to the verification of the second detailed hypothesis, that is, there are interactions
between the type of local economic policy and the level and dynamics of development of the communal area council.

8. Positive verification of the third detailed hypothesis, that the type of local economic policy implemented in the communal area council determines the path of its sustainable development was demonstrated as a result of the assessment of the level of development in the analyzed communal area councils in aggregate terms. The veracity of the third hypothesis was confirmed by a detailed comparative analysis of communal area councils in the scope of partial values of aggregate indicators together with basic statistics and positions of communal area councils among communal area councils groups and against the background of Lower Silesian voivodship for: economic dimension, social with elements of institutional and political dimension, environmental with aspects of spatial dimension and general indicator. The study, using aggregate and partial indicators as well as the general indicator, served to present the view on the level of socio-economic development of the analyzed communal area councils. Polkowice stood out against the background of the discussed communal area councils in terms of the value of partial indicators in the socio-institutional, environmental-spatial dimensions and general, with the exception of the economic (in the analyzed period, the largest partial indicators in the economic dimension were observed for Bolesławiec). In the analyzed period, Polkowice, Jelenia Góra and Bolesławiec occupied high positions in the area of the partial indicator in the environmental-spatial dimension. Considering the value of the general sustainable development indicator in the analyzed communal area councils in 2002-2016, high positions both among the communal area councils of the voivodship and the corresponding types of communal area councils were observed in Polkowice and Bolesławiec (Polkowice – the first position in the urban-rural communal area councils group for the entire analyzed period and the first in the voivodship in 2006 and in the years 2009-2013, Bolesławiec – the first position in the group of urban type communal area councils in the years 2002-2011, the first in the voivodship in 2002-2003 and 2005). In terms of the value of the overall sustainability indicator, Jelenia Góra falls weaker against the background of Polkowice and Bolesławiec despite the fact that it
occupied the third position for almost the entire analyzed period (the exception is the years 2014-2015 – fourth position) in the group of cities with district rights. Partial indicator in the general scope pointed to the poor position of Jeżów Sudecki in comparison with the remaining communal area councils, that is, Polkowice, Jelenia Góra and Bolesławiec.

9. The correctness of the fourth detailed hypothesis was confirmed by the considerations regarding the use of multidimensional data analysis methods. Linear ordering methods and dynamic classification have made it possible to identify groups of municipalities with a similar level and dynamics of development.

10. Verification of the main hypothesis that the type of local economic policy implemented in the communal area council affects the level and dynamics of local development was carried out by analyzing the results of the empirical study contained in the seventh chapter, which shows the relationship between the type of local economic policy and the level and dynamics of local development in the analyzed communal area councils. The study used a dynamic taxonomy to identify groups of similar communal area councils. The developed methodology allowed, after defining the scope of the local development strategies implemented in communal area councils, based on the database for the proposed list of indicators, for the initial assessment of the socio-economic situation in the communal area councils. The background for the conducted research in four communal area councils (Jelenia Góra, Bolesławiec, Polkowice, Jeżów Sudecki) were the remaining communal area council level units from the Lower Silesia voivodship. After determining the partial indicators in the following dimensions: economic, socio-institutional and environment-spatial as well as the aggregate measure, using the matrix of the Euclidean distance in the space of multidimensional features, similar communal area councils were identified. For Jelenia Góra it was the cities of Legnica and Lubań, for Bolesławiec it was the cities of Świdnica and Dzierżoniów, for Polkowice it was the urban-rural communal area council of Bogatynia and the rural communal area council of Kobierzyce, for Jeżów Sudecki, rural communal area councils of Świdnica and Paszowice. A detailed analysis of the records of local economic policies implemented in these
communal area councils has shown that they affect the level and dynamics of development. The designation of communal area councils close to those of the four communal area councils of the Lower Silesian voivodship assessed in the work in terms of "development paths" (economic, environmental-spatial, socio-institutional and general) in years 2002-2016 enabled the comparison of local economic policies implemented in these communal area councils. The study shows that increases (with fluctuations) in each of the three communal area councils (the studied communal area council and its two "neighbors") in 2002-2016 were recorded for the socio-institutional, economic and general dimensions (aggregate indicators in the environmental-spatial sphere due to their diversity were difficult to interpret).

The analysis of changes in the value of aggregate partial indicators (for dimensions of sustainable development) and the general indicator indicated that the implementation of similar (in terms of strategic objectives included in development strategies) local economic policies is concurrent with the development dynamics of each group of communal area councils.

To sum up, it is worth emphasizing that local economic policy is an important area of communal area council activity, it is a factor in the development of a local authority community. Therefore, there is a need, both scientific and practical, to clarify the activities of communal area councils aimed at better use of local economic policy in local development. The most important result of present work is to indicate the relationship between the local economic policy of communal area councils and their local development. Local economic policy and local development interact (positively and negatively), complement each other. The study provided information on the local economic policy implemented by the communal area council and its impact on local development. Knowledge of the impact of local economic policy on local development should underlie the strategic decisions of local authorities, and it should form the basis for other research and analysis. The aim of the work was realized through studies of the subject literature, communal area council official documents (communal area council budgets, Local Development Strategy, etc.) and author's own research carried out using statistical data. During the implementation of the main objective, all twelve specific objectives specified in the introduction of the
work were achieved. In addition, the main hypothesis and detailed hypotheses were positively verified.

As research recommendations of the author, we can indicate further work towards in-depth analyzes carried out for subsequent years, in terms of answering the question whether local economic policy determines local development? The developed indicator proposal and collected database can provide the basis for assessments related to convergence processes at the level of local systems (Lower Silesian voivodship), and its development for other Polish communal area councils may lead to analyzes at the national level.

Problems that posed difficulties in achieving the objectives of the work include the fact that statistical data on local systems (communal area councils) contained in the official statistics (GUS – Central Statistical Office) are incomplete, and the analysis of dynamics in the local context encounters large restrictions – especially due to availability of comparable data for long periods. In addition, the reluctance of local authorities to dialogue on the assessment of local economic policy implemented in the communal area councils they manage has become a significant impediment to the achievement of the objectives of the work. Initially, when planning the study, it was assumed that interviews would be conducted with the authorities of selected communal area councils – in the form of a preliminary survey and in-depth interview. A questionnaire was prepared, which was answered only by the authorities of Jelenia Góra. However, despite repeated reminders, the authorities of the remaining units did not take any trouble in answering the questions in the questionnaire – therefore, the form or the results of only one survey were not shared.

The inspiration to undertake the research on the impact of local economic policy on local development in the discussed communes were the questions bothering the author of this dissertation: what is the reason for the difference in economic development between these communal area councils and what role the local economic policy plays. Studies on this issue carried out in this work regarded four communal area councils with different potential and types: a city with the rights of district Jelenia Góra, Bolesławiec urban communal area council, rural- urban communal area council of Polkowice and the rural communal area council of Jeżów Sudecki. The background for the assessment were all the communal area councils of the Lower Silesia voivodship. The results of the research presented in present work may bring
new information to the subject literature, as well as be useful for local authorities who make decisions regarding the creation and implementation of local economic policy.