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## Activities of a Local Government and Growth of Competitiveness of Service and Commercial Enterprises

### Summary

The objective of deliberations in the article is a diagnosis and exemplification of forms and areas of the desired by economic entities cooperation with local governments, setting forth conditions for growth of their competitiveness. A particular attention is paid to the possibility of affecting by municipalities, which have at their disposal a wide range of instruments in this respect. The grounds for analysis are data from the literature review on these subject matters, results of surveys carried out by various institutions and statistical material, including the data originating from local governments' budgets being an important source of information on the actions analysed. The research findings and budget analysis show that activity of local governments, directed to shaping the business climate and local entrepreneurship, has increased. This sets up grounds for good forecasts as regards growth of enterprises' and markets' competitiveness.

**Key words:** cooperation, supporting enterprise growth by local governments, specific role of municipalities in the process of growth of enterprise competitiveness.

**JEL codes:** R51, R58

### Introduction

The role of local government as an important component of the macro environment of enterprises consists, among other things, in creating the pillars for stimulating entrepreneurship and increasing competitiveness of business entities. It has to be served by a number of actions undertaken at various levels of self-government functioning, such as:

- providing adequate legal regulations,
- providing technical conditions for development,
- facilitating access to capital,
- providing fiscal support.

A municipal self-government has important tasks to fulfil in this respect. The proper functioning of local institutions forming an environment conducive to economic activities is one of the conditions of an effective use of development potentials occurring in a given territory. Those institutions have, among other things, to:

- create favourable conditions for occurrence and development of enterprises in the local market,
- coordinate activities of economic entities in a given area aimed at implementation by them of the maximum benefits for the entire system,
- initiate multidimensional cooperation between the entities constituting the local community, i.e. enterprises, institutions from the business environment, consumer organisations, etc.,

- participate in target investments promoting economic projects of a particular importance for the local community.

Activities carried out by the municipal self-government in the area of supporting enterprises and growth of their competitiveness combines, therefore, the elements of regulations with the real sphere in the form of their own business activity, which should be aimed, first of all, at implementation of public tasks or acquisition of means increasing revenues of the municipal budget<sup>1</sup>.

### **Municipalities' activities in the area of supporting enterprises' competitiveness**

Numerous studies carried out in the first decade of the 21<sup>st</sup> century, aimed at identification of the social evaluation of self-governmental activities in the area of supporting business, singled out several basic factors important from the point of view of development and growth of enterprises' competitiveness. They include:

- amount of rentals, costs of utilities and local taxes,
- climate to investing in the region,
- access to business information,
- local and regional authorities' economic policy,
- self-government's activity<sup>2</sup>.

The actions undertaken in the indicated areas of activity, determined in result of the dialogue of entrepreneurs with the self-government should direct entrepreneurs towards increasing dynamics of development of their firms and create the need to undertake competitive struggle. Only within the framework of partner relations, one can work out the model enabling intensification of competitiveness of individual enterprises and the entire region<sup>3</sup>.

The specific tasks faced by the municipal authorities in the area of stimulating competitiveness comprise creating favourable conditions for ensuring development of various types of services in the local market. An outcome of such actions should be not only new firms and jobs but also resources of attractive localities, territorial development, real estate, etc. as well as intellectual resources, i.e. know-how, knowledge, skills of members of the local community.

The literature on the subject<sup>4</sup> and research carried out by the Institute<sup>5</sup> show that the most often used by municipalities actions stimulating development of the local economy and supporting enterprises' competitiveness include care of infrastructure development, actions

<sup>1</sup> B. Słomińska, *Gmina w procesach rozwoju handlu, [in:] Handel we współczesnej gospodarce*, collective work, scient. edit. M. Sławińska, Akademia Ekonomiczna w Poznaniu, Poznań 2006, p. 60

<sup>2</sup> B. Nogalski, A. Wójcik-Karpacz, J. Karpacz, *Oczekiwane kierunki współpracy przedsiębiorców i samorządu*, "Zeszyty Naukowe Uniwersytetu Szczecińskiego" 2006, No. 426, *Ekonomiczne problemy usług* No. 1, p. 23.

<sup>3</sup> Ibid. p. 21.

<sup>4</sup> T. Skica, *Podstawowe wymiary relacji samorządu gminnego z sektorem małych i średnich przedsiębiorstw*, "eFinanse": financial Internet quarterly, [http://www.pbc.rzeszow.pl/Content/4275/2007\\_2\\_wszystko.pdf](http://www.pbc.rzeszow.pl/Content/4275/2007_2_wszystko.pdf)

W. Dziemianowicz, M. Mackiewicz, E. Malinowska, W. Misiąg, M. Tomalak, *Wspieranie przedsiębiorczości przez samorząd terytorialny*, Warsaw 2000, p. 26-40

<sup>5</sup> The surveys and studies were carried out within the framework of statutory works of IRWIK (at present, IBRKK) in 1997, 2000, 2005, 2007.

promoting the municipality as the area favourable for investors, assignation of attractively located lots for investment projects, introducing of facilities in the official procedure and providing investors with public assistance in accordance with the regulations in force. More seldom undertaken by municipalities actions raising entrepreneurs' activity include: development of the institution of sureties and guarantees as well as initiating enterprise-support centres.

The research shows that municipalities' activity aimed at development and growth of competitiveness of enterprises and local markets has recently definitely grown. They pay a considerably greater attention to the care of the state of natural environment, they invest more intensely, intensify their activities related to winning investors and develop economic cooperation with local enterprises<sup>6</sup>.

Development of the technical infrastructure, first of all, good-quality roads, modern systems of water pipes and sewerage, sewage-treatment plants or IT networks requires undertaking investment activities by the self-government. Due to limited funds that may be assigned by municipalities for this purpose, it is important that investment activities reflected the entrepreneurs' real needs. This requires maintaining a constant dialogue with the milieu of local entrepreneurs, e.g. participation of the economic self-government in developing the strategy of socioeconomic development of the municipality, taking into account, *inter alia*, the investment strategy.

The relatively new initiatives of stimulating enterprises' activity include investment cooperation of the public authorities and private capital, the so-called public and private partnership (PPP). The European Commission recommended the public and private partnership to the new member states as helpful when updating and modernising the infrastructure and improving quality and effectiveness of public services<sup>7</sup>.

Self-governments may win private investors for joint implementation of projects in many areas of activity; however, the hitherto scope of cooperation is assessed as insufficient. The relatively low scale of common investment actions is a result of occurrence of various barriers. They relate to anxieties to be suspected of corruption, insufficient institutional support, e.g. in the sphere of professional assistance with project preparation, bad risk sharing, lack of mutually beneficial payment mechanisms<sup>8</sup>. Nevertheless, the carried out in Poland surveys on PPP show that as much as 54% of self-governmental officials are interested in this form of investment projects financing. On the other hand, 44% of them lack sufficient knowledge on the subject and 25% think the procedures relating to PPP are too complicated. Only 8% are afraid of being suspected of corruption, point out to too high costs and lack of interest of the private side in joint ventures<sup>9</sup>. By experts, the subject of partners' joint interest should mainly be the projects that may generate incomes, being, at the same time, in the sphere of investments useful from the social point of view.

<sup>6</sup> *Przedsiębiorczość w procesach rozwoju rynków lokalnych*, collective work, scient. edit. M. Strużycki, IRWiK, Warsaw 2006, p. 94-96

<sup>7</sup> E. Ura, S. Pieprzny, *Partnerstwo publiczno-prywatne jako prawna forma działania administracji wpływająca na rozwój lokalny i regionalny*, "Zeszyty Naukowe Uniwersytetu Szczecińskiego" 2006, No. 426, *Ekonomiczne problemy usług* No. 1, p. 309

<sup>8</sup> Presentation of the basic barriers in: J. Proniewicz, *Forum PPP, Praktyczne rady ekspertów*, "Samorząd Miejski" No. 11, December 2009, insert to "Gazeta Samorządu i Administracji".

<sup>9</sup> Cited after J. Proniewicz, *Dobry interes dla samorządów*, "Samorząd Miejski" No. 11, December 2009, insert to "Gazeta Samorządu i Administracji".

An important direction of municipalities' activities is also more and more widely applied practice of initiating cooperation between enterprises and supporting ventures and institutions serving economic development. Cooperation of the entities operating in a given territory may assume various organisational forms, e.g. clusters gathering mostly small and medium firms. Firms, combining their forces and acting in a well organised market environment (e.g. based on their common platform providing them with consulting, training, legal, promotional and other services), become more competitive and raise, at the same time, competitiveness of the territory, on which they operate.

The concept of clusters – defined as geographical huddles of interrelated firms, specialised suppliers, units providing services, companies operating in relative sectors and institutions tied with them in individual fields, competing with one another but also cooperating<sup>10</sup> – has found its eager advocates in international organisations, *inter alia*, in the European Union and the World Bank. It has been reflected in a big number of assistance programmes aimed at clusters whose beneficiary is Poland, too. By means of the European Social Fund there is co-financed the project for promoting clusters and clustering, “Polish Clusters and Cluster Policy”, addressed to both groups of entrepreneurs and self-governments supporting them. The project carried out in 2011-2012 is divided into two components, i.e. support for development of clusters in Poland and institutions forming the cluster policy, i.e. local and regional authorities<sup>11</sup>.

According to the EU's Committee of the Regions, the role of the public sector should be creation of indispensable external conditions for cluster development. The assistance programmes being prepared by self-governments, e.g. in the form of financial incentives, are not sufficient for development thereof. There is the need for a long-term strategy of supporting clusters based on an in-depth analysis of the region and the needs of the enterprises located there<sup>12</sup>. An example of such a strategy is the Pomeranian programme for supporting clusters. The Pomeranian Voivodeship (*Pomorskie* in the Polish language), as the first region in Poland, adopted in June 2009 the Regional Programme of Cluster Support for the years 2009-2015. The formulated therein policy assumes supporting three types of clusters: key, sub-regional (local) and embryonic (technological networks). Within the framework of support there is envisaged financing of activities of the following types: networking, transfer of knowledge and innovation, consultancy, technological watch, strategic planning, etc.<sup>13</sup>

The carried out surveys show that some clusters highly appraise cooperation and assistance at the part of self-governments. There are also such ones, which paid attention that the self-governmental administration hampered setting up the cluster. Considerable differences in evaluations of the self-governmental policy were seen between individual provinces what points out to the lack of systems principles applied by self-governments in all regions. However, many regions perceive clusters as structures that may generate positive developmental effects both for enterprises and the region<sup>14</sup>.

<sup>10</sup> M. E. Porter, *Porter o konkurencji*, PWE, Warsaw 2001, p. 246.

<sup>11</sup> More on this topic in: A. Pilarska, *Wsparcie dla samorządów rozwijających klastry*, „Gazeta Samorządu i Administracji” 2011, No. 12.

<sup>12</sup> A. Lis, *Rola władz samorządowych w kształtowaniu regionalnej polityki opartej na klastrach*, „Samorząd Terytorialny” 2010, No. 12.

<sup>13</sup> M. Pokrzycka-Walczak, *Samorzady mogą wydajnie wspierać struktury klastrów*, „Gazeta Samorządu i Administracji” 2011, No. 18.

<sup>14</sup> *Benchmarking klastrów w Polsce – 2010 Raport z badania*, PARP, Warsaw 2010, p. 205

Municipalities, within the framework of activity stimulating entrepreneurship, participate in establishment of the business-environment institutions, such as business incubators and business-support centres, local development agencies and local initiative agencies, consulting and training centres and credit and guarantee funds as well as technology parks. Thus, the self-government assumes the function of animator of cooperation between business and science.

Within the framework of pro-developmental actions, municipalities undertake cooperation with the business self-government as well as with NGOs. In the opinion of representatives of organisations of entrepreneurs, the partner cooperation of public administration bodies with the milieu of local and regional entrepreneurs is one of more important factors determining development of the markets and companies operating therein. It may concern various areas, for example, the joint promotion of the above-mentioned public and private partnership, labour market monitoring, future needs for staff in the region or assumptions of the economic policy<sup>15</sup>. But not only this. Self-governments should undertake cooperation with the trade milieus. The trade literature notes many examples of close cooperation of overlords of towns and cities with merchant circles. The Szczecin authorities organised, for instance, many times conferences and discussion panels on the commercial issues. They have also created a financial offer for the trade circles through the Szczecin Fund of Credit Guarantees Ltd (*Szczeciński Fundusz Poręczeń Kredytowych Sp. z o. o.* in the Polish language). Besides, they have worked out specific forms of assistance for merchant firms, such as extension of the payment deadline, spread into instalments or even deferment of the annuity on account of land perpetual usufruct<sup>16</sup>.

Growth of enterprises' competitiveness is also caused by cooperation between municipalities and entrepreneurs as regards information and promotion activities, e.g. setting up bases of potential partners of business ventures, providing information on the firms rendering business services or promoting the municipalities' values and developmental potential. Recently, there has been observed intensity of development of local information centres and business-support centres whose lack is a serious barrier in development of entrepreneurial activity in the local markets.

The symptoms of direct cooperation of enterprises with units of the local government are observed, first of all, in the area of implementation by those units of their own tasks statutorily proscribed for them. They concern, first of all, the services provided in the common interest, such as energy-related, telecommunication, electronic media, post-office services, water supply, waste treatment, education, healthcare and transportation services. The enterprises cooperating with municipalities acquire the opportunity to develop and implement the strategy of enterprise development, compliant with development of the unit of local government, in which area the enterprise carried out its activities<sup>17</sup>.

<sup>15</sup> T. Donocik, *Oczekiwania przedsiębiorców wobec władz lokalnych*, Regionalna Izba Gospodarcza w Katowicach, 12 November 2007, <http://www.silesia.org.pl/upload/T.%20Donocik%20-%20Oczekiwania%20przedsiębiorstw%20wobec%20władzy%20lokalnej.pdf> [dostęp: 12.11.2007]

<sup>16</sup> H. Handkowska, *Władze Szczecina wspierają lokalny handel*, "Poradnik Handlowca", February 2011

<sup>17</sup> D. Krok, M. Mrowczyk, *Współpraca przedsiębiorstw energetycznych i jednostek samorządu terytorialnego w zakresie planowania energetycznego jako element bezpieczeństwa energetycznego*, "Biuletyn Urzędu Regulacji Energetyki" No. 1, 31 March 2011, p. 50

An important element of the process of stimulating enterprises' competitiveness is also purchase by the municipality of services from the firms operating in the local market. This concerns the following: urban cleaning and garbage collection, construction and repair work, green areas maintenance, transport and cartage services, road maintenance, geodetic, sewerage, lighting or cemetery-maintenance services<sup>18</sup>.

Cooperation of units of a local government with the business environment concerns also winning new investors. Self-governmental units are more and more efficient in this respect. In the opinion of analysts, most Polish towns and cities have very well organised departments of supporting entrepreneurs implementing investment projects in their territory<sup>19</sup>.

An important factor of region's investment attractiveness is coverage of a part of its areas with a special economic zone (SEZ). It allows for a fuller use of potential opportunities, such as the labour market, technical infrastructure or an advantageous location issuing from the communication system.

Owing to economic zones, there gain not only enterprises but also municipalities and their citizens. In the area of zones, by the end of 2010:

- there were issued 1354 business licences;
- the value of implemented investment projects amounted to 73.2 billion zlotys;
- the number of created workplaces amounted to more than 167 thousand, while those retained – to more than 58 thousand.

Polish employers established in SEZs almost 50 thousand new workplaces, investing more than 13 billion zlotys<sup>20</sup>.

In the economic zones, the entrepreneur may receive the following privileges:

- CIT or PIT exemption,
- a lot fully prepared for an investment project at competitive price,
- free of charge assistance with settlement of formalities related to the investment project,
- in area of some municipalities, real estate tax exemption.

Income tax exemptions granted in SEZs constitute the so-called regional public assistance. The ground for use of that assistance is obtaining the permit to carry out business activities in the area of a given zone. Amount of exemption may reach 50% of capital investments and related to SME – even 60% or 70%, depending on the region.

The Ministry of Economy plans to extend *sine die* the time-period of SEZ operation, set up attractive investment cites in every municipality as well as to extend the formula of zone functioning by cluster and technological initiatives. In the opinion of Ministry, "firms that decide to locate in the area of SEZs their projects shall transfer to Poland new production technologies and innovative management systems. This affects not only growth of enterprises' competitiveness but also a high level of qualifications of hired employees"<sup>21</sup>.

<sup>18</sup> T. Donocik, *Oczekiwania przedsiębiorców wobec władz lokalnych*, op. cit.

<sup>19</sup> *Biznes polubił nasze usługi*, DGP, 31 March 2011 No. 63, <http://www.gazetaprawna.pl>

<sup>20</sup> Report *Specjalne Strefy Ekonomiczne po 2020 roku. Analiza dotychczasowej działalności oraz perspektywy funkcjonowania*, prepared by the office Ernst&Young; cited after: W. Kępka, *Przyszłość specjalnych stref ekonomicznych*, "Gazeta Samorządu i Administracji" 2011, No. 21

<sup>21</sup> Cited after: W. Kępka, *Przyszłość specjalnych stref ekonomicznych*, "Gazeta Samorządu i Administracji" 2011, No. 21

## Budgets of the units of local government as a source of information on the actions supporting enterprises' competitiveness

One of the elements reflecting activities of self-governmental units aimed at supporting development and competitiveness of enterprises and markets is their budgets' performance. Local governments have at their disposal both revenue and expenditure instruments of supporting enterprises' activities, while the revenue instruments are connected, first of all, with municipalities' activities. The revenue instruments in municipalities include, *inter alia*, local tax rates, level of fees charged or the level of prices for utilities whose proceeds constitute a considerable part of municipalities' own revenues. Their amount may be quite freely shaped by the municipality council by way of:

- reducing the announced by the Minister of Finance maximum rate of taxes/charges;
- determining the conditions and using reliefs, adjournments, amortizations, exemptions and tax collection waivers.

The scale of application of those tools in 2010 is presented in Table 1.

**Table 1**

**Effects of the granted by municipalities in 2010 reliefs and exemptions (excl. the statutory reliefs and exemptions), reductions of the upper tax rates and reliefs in tax liabilities repayment**

Specification	Revenue amount	Reduction of the upper tax rates	Reliefs and exemptions (excl. statutory ones)	Amortizations, adjournments, spread into instalments	Share of reliefs and exemptions in municipal revenues
	zlotys				%
Revenues, total	72 310 510	2 010 215	511 158	531 981	4.2
Own revenues, of which:	32 264 384	2 010 215	511 158	531 981	9.5
Real estate tax	9 060 464	1 629 714	505 136	376 130	27.7
Agricultural tax	974 140	39 377	1 986	21 163	6.4
Forestry tax	163 747	908	319	497	1.1
Conveyance tax	560 607	327 384	2983	13 292	61.3
Tax on economic activities of individuals with a tax card	45 774	-	2	287	0.6
Inheritance and gift tax	129 921	-	96	17 858	14.8
Tax on civil law transactions	791 305	-	0	1026	0.1
Receipts from stamp duty	225 727	-	0	21	0.0
Proceeds from service charges	228 809	-	-	469	0.2
Toll revenues	142 504	7 718	0	119	5.5
Income from property	2 628 209	-	60	-	0.0
Other revenues	6 624 507	5114	576	101 119	1.6

Source: *Sprawozdanie z wykonania budżetu państwa za okres od 1 stycznia do 31 grudnia 2010 r. Informacja o wykonaniu budżetów jednostek samorządu terytorialnego*, Council of Ministers, Warsaw 2011, <http://www.mf.gov.pl/index.php?const=68dzial=3378wysw=4> [access: 01.06 2011].

In aggregate, the granted by Polish municipalities in 2010 reliefs exemptions, amortizations and adjournments as well as reductions of upper tax rates accounted for 4.2% of municipalities' total revenues and for 9.5% of municipalities' own revenues. Municipalities did, to a greater extent, use the opportunity to reduce the upper tax rates than reliefs, exemptions and adjournments addressed to individual enterprises. Of the total amount of 3,053,250 zlotys, which was not receipt by municipal budgets in result of the actions supporting the local enterprises:

- 65.8% was an effect of reduction of the upper tax rates,
- 16.7% covered reliefs and exemptions,
- 17.4% related to amortizations and adjournments<sup>22</sup>.

The applied by municipalities reduction of tax burdens by way of reducing the upper rates must be treated as a passive support for the body of enterprises in the region. Enterprises have at their disposal more funds they may freely use. From the point of view of entrepreneurs, an important condition of impact of the revenue tools is not only amount of rates or reliefs but also the permanence and transparency of the applied fiscal solutions.

The expenditure instruments used by all types of self-governmental units allow them for a direct shaping of the enterprises' environment, first of all, through investment expenditure on the infrastructure. The good condition of infrastructure is a significant factor from the point of view of extension of their activities by the entities operating in the market, and for gaining new investors. Investment expenditure should concern both construction of the technical and communication infrastructure as well as development of the human and social capital.

The opportunity to acquire non-refundable foreign grants, first of all, the EU ones<sup>23</sup> as well as growth of own revenues mobilised recently self-governments to undertake investments whose level left, in the previous years, much to be desired. This phenomenon is confirmed by the results of analysis of investment expenditure of the local government units in 2003-2010 (Table 2).

**Table 2**

**Share of investment expenditure in total expenditures of local government units' budgets in 2003-2010**

Units of local government	2003	2005	2007	2009	2010
	%				
Municipalities	16.9	17.9	18.5	22.5	24.7
Districts	8.8	11.6	13.0	19.2	21.7
City counties	12.7	15.2	21.5	21.5	21.5
Provinces	32.8	31.4	35.4	47.3	37.5

Source: *Budżety jednostek samorządu terytorialnego w latach 2003-2009*, GUS, Warsaw 2010; *Sprawozdanie z wykonania budżetu państwa za okres od 1 stycznia do 31 grudnia 2010 r. Informacja o wykonaniu budżetów jednostek samorządu terytorialnego*, Council of Ministers, Warsaw 2011 op. cit., author's own calculations

<sup>22</sup> *Sprawozdanie z wykonania budżetu państwa za okres od 1 stycznia do 31 grudnia 2010 r. Informacja o wykonaniu budżetów jednostek samorządu terytorialnego*, Council of Ministers, Warsaw 2011, op. cit.

<sup>23</sup> In 2010, by almost 150% there increased the use of non-refundable foreign grants. Those means were used for financing as much as 25% municipal investments against 11% in 2009 and 5.8% in 2008; cited after: A. Pilarska, *Stabilizuje się poziom inwestycji samorządowych*, "Gazeta Samorządu i Administracji" 2011, No. 17.



The presented in Table data point out to a gradual growth of the share of investment expenditure in budgets of all groups of self-government units. In municipal budgets in 2010/2003, the growth of share accounted for 7.8 p.p., in district budgets – for 12.9 p.p., in city counties – for 8.8 p.p., while in provincial budgets – for 4.7 p.p. There attracts attention the fact that the share of provinces' investment expenditures in 2010 against 2009 decreased, while that of the city counties did not change in the last three years among the years in question. Also the dynamics of investment expenditures in 2010/2009 in provinces was the lowest – merely 59%. In the city counties, it accounted for 105.1%, whereas in municipalities it placed at the level of 124.8% and in districts – of 127.8%.<sup>24</sup> In the three analysed groups of self-governmental units (apart from provinces), the dynamics of investment spending was, however, higher than the dynamics of total expenditures.

**Table 3** ‘

**Per capita expenditures on investment projects implemented in 2010 by local governments**

Units of local government	Per capita investment expenditure in zlotys
Municipalities	620.10
Districts	203.23
City counties	1001.26
Provinces	149.66

Source: *Sprawozdanie z wykonania budżetu państwa za okres od 1 stycznia do 31 grudnia 2010 r. Informacja o wykonaniu budżetów jednostek samorządu terytorialnego*, Council of Ministers, Warsaw 2011, op. cit.

The biggest number of self-governmental investment projects across the country was recently carried out by municipalities. Their share in total local governments' investment accounted in 2010 for 45.5%, while districts, occupying the last place, for 12%. In the opinion of the National Council of Regional Chambers of Audit, just municipal projects decided the issue of improvement of the local terms of business<sup>25</sup>. However, per capita, the biggest sums on investment project were spent by city counties – Table 3.

Municipalities invested, first of all, in transport and communication projects (there is observed a dynamic growth of the share of expenditures assigned for this purpose) as well as for municipal engineering and environmental protection (recently, the shares have slightly been declining) – Table 4. The third place was taken by expenditures on education whose share has also been gradually declining. On the other hand, there must be noted a significant growth of municipal investment expenditures on physical culture and sports.

There can be seen a great differentiation of the shares and changes in the shares of investment expenditures in the self-governmental units across territories. In the group of provinces with the highest shares of investment spending, both related to municipalities, districts and city counties, there are, among others: Podkarpackie, Podlaskie and Świętokrzyskie, hence, the provinces counted as less economically developed. The data analysis shows, moreover,

<sup>24</sup> *Sprawozdanie z wykonania budżetu państwa za okres od 1 stycznia do 31 grudnia 2010 r. Informacja o wykonaniu budżetów jednostek samorządu terytorialnego*, Council of Ministers, Warsaw 2011, op. cit.

<sup>25</sup> Cited after: A. Pilarska, *Stabilizuje się poziom inwestycji samorządowych*, "Gazeta Samorządu i Administracji" 2011, No. 17

**Table 4****Share of investment expenditures in municipal budgets in 2003-2009, by selected sectors of the economy**

Economy sectors	2003	2005	2007	2009	2009/2003 in p. p.
	%				
Agriculture and forestry	16.8	13.1	11.3	8.1	- 8.7
Electricity, gas, hot water production and supply	1.3	1.1	1.1	0.8	- 0.5
Transport and communication	19.6	24.7	28.9	34.3	+ 27.6
Housing	4.4	5.7	5.6	5.5	+ 1.1
Service activities	0.2	0.4	0.3	0.3	+ 0.1
Public administration	2.1	2.4	2.7	2.0	- 0.1
Public security and fire protection	1.2	1.5	1.8	1.8	+ 0.6
Education	19.7	16.6	13.8	11.6	- 8.1
Healthcare	0.7	1.0	0.8	0.8	+ 0.1
Tasks in the area of social policy	0.3	0.7	0.5	0.5	+ 0.2
Municipal engineering and environmental protection	28.0	26.0	20.9	17.2	- 0.8
Culture and national heritage protection	1.0	1.9	3.9	3.6	+ 2.6
Physical culture and sports	3.5	4.3	6.8	12.6	+ 9.1
Total investment expenditures	100.0	100.0	100.0	100.0	x

Source: *Budżety jednostek samorządu terytorialnego w latach 2003-2009*, GUS, Warsaw 2010, author's own calculations.

that budgets of municipalities, districts and city counties in all provinces presented growth of the share of investment expenditures. At the same time, the share of investment expenditures in self-governmental units in such provinces as Lubuskie, Świętokrzyskie or Podkarpackie grew to a considerably greater degree than in other provinces. This witnesses the taking shape slow tendency of growth of investments in poorer provinces what may affect improvement of the terms of development and growth of competitiveness of enterprises operating in those provinces. Of a quite considerable share in this process is co-financing of infrastructural investment projects on means of the European Union, inclusive of the programmes assigned for development of the eastern regions of Poland.

## Conclusion

In the opinion of market researchers and analysts, good and effective terms of the dialogue of entrepreneurs with self-governments, an adequate institutional and infrastructural background as well as support acquired in contacts with the local partners are the factors positively affecting growth of enterprises' competitiveness, also service and commercial ones. Self-governments' actions have an important influence on the business climate and entrepreneurs' functioning in the actual environment. The authorities form the labour market, attract foreign investors, facilitate entrepreneurs' investing and invest themselves. They undertake in this respect cooperation with entrepreneurs, consulting with them their endeavours and supporting them as the need arises and as far as possible. Moreover, they fulfil the

function of initiator of innovative activities, supporting transfer of knowledge from science to business.

The research findings and budget analysis show that activity of self-governments, and particularly municipalities and local markets, has recently definitely increased. This sets up grounds for good forecasts as regards growth of competitiveness of enterprises and markets.

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## DZIAŁANIA SAMORZĄDU TERYTORIALNEGO A WZROST KONKURENCYJNOŚCI PRZEDSIĘBIORSTW USŁUGOWYCH I HANDLOWYCH

### Streszczenie

Celem rozważań podjętych w artykule jest diagnoza oraz egzemplifikacja form i płaszczyzn pożądaną przez podmioty gospodarcze współpracy z jednostkami samorządu terytorialnego (JST), stwarzającej warunki do wzrostu ich konkurencyjności. Szczególną uwagę zwrócono na możliwości oddziaływania ze strony gmin, które dysponują szerokim instrumentarium w tym zakresie. Podstawę analizy stanowią dane z przeglądu piśmiennictwa dotyczące tej problematyki, wyniki badań różnych instytucji oraz materiały statystyczne, w tym dane pochodzące z budżetów JST stanowiące ważne źródło informacji o analizowanych działaniach. Wyniki badań oraz analiza budżetów wskazują, że aktywność JST ukierunkowana na kształtowanie klimatu gospodarczego i lokalnej przedsiębiorczości zwiększyła się. Stwarza to podstawy do dobrych rokowań w zakresie wzrostu konkurencyjności przedsiębiorstw i rynków.

**Słowa kluczowe:** współpraca, wspieranie rozwoju przedsiębiorstw przez jednostki samorządu terytorialnego, szczególna rola gmin w procesie wzrostu konkurencyjności przedsiębiorstw.

**Kody JEL:** R51, R58

## ДЕЙСТВИЯ МЕСТНОГО САМОУПРАВЛЕНИЯ И РОСТ КОНКУРЕНТОСПОСОБНОСТИ ПРЕДПРИЯТИЙ УСЛУГ И ТОРГОВЛИ

### Резюме

Цель рассуждений автора статьи – диагноз и экземплификация форм и плоскостей желательного для экономических субъектов сотрудничества с единицами местного самоуправления, создающего условия для роста их конкурентоспособности. Особое внимание обращается на возможности воздействия со стороны гмин (волостей), которые располагают широким набором инструментов в этом отношении. Основу анализа представляют данные обзора литера-

туры по этой проблематике, результат исследований разных учреждений и статистические материалы, в том числе данные из бюджетов единиц местного самоуправления, представляющие собой важный источник информации об анализируемых действиях. Результаты исследований и анализ бюджетов показывают, что активность единиц местного самоуправления, направленная на формирование экономического климата и местного предпринимательства, повысилась. Это создает основы для хороших прогнозов в отношении роста конкурентоспособности предприятий и рынков.

**Ключевые слова:** сотрудничество, поддержка развития предприятий единицами местного самоуправления, особая роль гмин (волостей) в процессе роста конкурентоспособности предприятий.

**Коды JEL:** R51, R58