

## SUMMARY

The main aim of the realized project was to carry out the research which would result in the fact that the Local Government of the Lubelskie voivodeship would be able to initiate the system of the social and economic management change in the region.

As a result it is was possible to determine the following features for the Lubelskie voivodeship:

- the current social and economic situation in the strategic fields of development
- the development tendencies for the economy
- the forecasts of the social and economic changes,

On the basis of the carried out analysis, there was suggested a catalogue of prodevelopmental mechanisms that could be introduced not only in the examined fields of the regional economy, but also on the general and problematic level for the whole policy of regional economy. Such mechanisms include also the questions of the popularization and exchange of information on the research results and consequently they enable their continuation as well as the current evaluation and system development in the longer time.

It was also assumed that reaching such a defined aim would help to improve the quality of the strategic and operating planning as well as would increase the effectiveness of the network of institutions cooperating with the local government of the voivodeship in the area of the creating the regional development policy.

Research problems included the following questions:

- innovation and innovative technologies
- modern agriculture and food processing
- natural environment and the use of energy from the renewable sources
- culture and tourism
- interregional cooperation
- local government management
- anticipated directions of the financial support from the EU.

In order to obtain the most reliable results we used the methodological triangulation – the use of various methods, techniques and sources of information. They were introduced because of the fact that the analyzed processes are very complex.

We used the following research methods

- Secondary Data Analysis
- Individual In-depth Interviews (IDI)
- Computer Assisted Telephone Interviews (CATI)
- Shift-share Analysis
- SWOT Analysis.

In the research there were used the tools of quantitative research (CATI questionnaire) and the tools of quality research (IDI scenario) which can be used in the future editions of the project. The research was carried out in November 2008.

The sample selection for IDI was deliberate – we interviewed the representatives of the local government units from the Lubelskie Voivodeship:

- two representatives of the local government on the level of the Lubelskie voivodeship
- six representatives on the district level
- six representatives on the gmina level.

CATI interviews included the management of the companies from this area – from the total number of the companies we drew a representative sample of 1000 entrepreneurs from the private and public sector. They were divided according to the sections of the Polish Classification of Economic Activities. And the spatial range included all districts within the Lubelskie voivodeship.

In order to realize next surveys in the future there was created a panel including people fulfilling certain standards (as far as their social roles are concerned) and documents enabling statistical measurement. People taking part in both CATI and IDI were not perceived from the point of view of their personal data but as positions in the organisational structure.

Shift-share analysis is one of the most effective and common techniques for the examination of the level development in a given voivodeship against the level of the development of the referential area (the country). The results of the analysis provide information crucial to understanding and selection of the key activities in the voivodeship development.

In the classic form we can present the of shift-share analysis formula as follows:

$$PC = PO + SP + KO$$

$$PC = \sum E_{ib}^t g_r^t + \sum E_{ib}^t (g_{ir}^t - g_r^t) + \sum E_{ib}^t (g_{ib}^t - g_{ir}^t)$$

where:

PC – total shift,

$E_{ib}$  – variable in sector i, in the examined area b, during in time t.

$g_r$  – variable indicator in the given examined area in a referential area,

$g_{ir}$  -variable indicator in the period of time in a section and in the referential area r

$g_{ib}$  - variable indicator in the period of time in a section i and in the examined area b

$$g_r = \left( E_r^{t+1} - E_r^t \right) \div E_r^t; \quad g_{ir} = \left( E_{ir}^{t+1} - E_{ir}^t \right) \div E_{ir}^t; \quad g_{ib} = \left( E_{ib}^{t+1} - E_{ib}^t \right) \div E_{ib}^t$$

where:

$E_r$  – variable in the referential area r, in the given time t.

$E_{ir}$  – variable in sector i, in the referential area r, in the given time t.

r – referential area

ir – section i in the referential area

ib - section i, in the examined area,

t – the first year of the analyzed period, t+1 - the last year of the analyzed period

The first component (PO) – the potential of the examined area (the Lubelskie voivodeship) measures the anticipated increase of the variable analyzed with the assumption that the area develops on the same or similar level as the referential area (area of Poland). The second component (SP) presents the amount of change in the examined area (in its each section) in relation to the general tendency of development of the section in the referential area. Positive indicator means that the area of the voivodeship develops faster than the rest of the country. Whereas negative indicator proves that the area develops slower. The third component (KO) – area's competitiveness mirrors the differences between the growth indicator in the voivodeship and the whole country. It shows the increase or decrease of the analyzed variable resulting from the competitive position of each activity from the examined area. The results of the shift-share analysis present in the compositive way the current situation and economic development trends in the Lubelskie voivodeship.

In order to the future changes in the scale of the innovative development in the Lubelskie voivodeship we used the method of the trend function method. This method can be used while analysing the phenomena in the businesses with small development dynamics, which function in a firm environment. In other words we can apply it to anticipating changes in the demographic environment, in the market size, developmental routes of technology, or the effects of the actions, etc. Because of the fact that the trend based prognosing estimates that the past makes good grounds for the forecasting of the future it is most useful when we possess historic data, firm trends and clearly visible patterns. This kind of prognosing includes the lengthening of the direction and dynamics of the phenomenon development from the period of the observation to the prognosed period.

The trend extrapolation in the graphic sens is just the lengthening of a trend line over the range of the observation. If the assumptions are created on the basis of the reliable data we can establish prognosis based on relatively objective methods. While constructing such a prognosis it is assumed that in the prognosis period the phenomenon will be influenced by the same environmental conditions of the organisation and the realised strategy will not change. This method is especially useful to make

short-term prognosis treated as an introductory anticipation of the future development.<sup>1</sup> Therefore, to estimate the trend of the future changes in the Lubelskie voivodeship the period of time 2002 – 2010 was assumed. Using this prognosing method does not ensure that the prognosis will be unreliable. However, it enables reaching such prognosis. One must remember that a trend does not describe the unchanging natural laws but only something that has taken place so far even for a long period of time. But it can be changed under the influence of the outer factors.

Leading successful pro developmental policy on the regional level is connected with the need for choosing a certain strategy. The efforts of the public administration should be concentrated on the creation of the catalogue of activities which can help to manage the social-economic change successfully. Moreover, such a problem includes a complex system of forecasting and managing the change to reach the aims. In the changing environment we need to possess the current knowledge of the social-economic situation which will help us to forecast the region's development. It is extremely important to prepare mechanisms for managing economic change in the regional development policy. It needs the complex approach of the local government with various activities in many areas. The main aim of the stages of this project was to search for key changes in the economic development of the Lubelskie voivodeship.

Thanks to the shift-share analysis it was possible to estimate the current economic and social situation of the voivodeship against the whole country:

- in reference to the economic age groups it was established that in the voivodeship there is lower than the average tendency for the change in the number of population, especially as far as the inhabitants in the productive age are concerned. It was also noticed that arrangement of the population according to the economic groups is unfavourable especially because of the low share of the inhabitants in the pre-productive age. As a result it was recognised that the demographic factors – the increasing number of people in the productive age, ageing of the population as well as the prognosed negative migration balance – may, in the longer time perspective, lead to the weakness of the economic development dynamics, especially in comparison to the situation in other areas of the country;
- the increasing trend in the number of the people employed in the national economy that is currently visible in the voivodeship has a less dynamic course than the changes present in the whole country. However, the assessment of the further perspectives is extremely impeded because of the serious economic problems in the world markets. Although from the respondents' opinions we can conclude that the crisis phenomena have not affected them directly yet (there is still the bigger number of companies which plan hiring and not firing new employees), the assessment of the national economic situation and the perspectives of the economic development in the voivodeship is rather pessimistic, which in the next months may result in the smaller inclination to employ new workers.
- It was also noticed that the salary increase in the region was unequal in the particular section of Polish Classification of Activities (PKD). Therefore, from the perspective of the voivodeship competitiveness in its strategic developmental areas, one should try to limit the migration of the specialists who possess particularly demanded qualifications. Local governments have a limited range of tools that can be used to affect this area of the economic life. However, there are possible some direct actions (eg. organising trainings and courses in the key branches, promotion of the ideas plus implementing the solutions enabling continuing education, increasing of the life attractiveness in the region and promoting the regionalism);
- The increased tendency of the gross domestic product and gross value added (measured per 1 inhabitant) is characterized by a huge disproportion in comparison to the situation in the whole country. It should be expected that in the long-term perspective current increased tendencies will be sustained. However, in comparison to Poland, the economic development of the voivodeship will be slower. Therefore the main tasks of the local government are: to increase the investment attractiveness of the voivodeship particularly through the improvement of the communication and technical infrastructure, actions aimed at increasing the level of the human capital (the above mentioned trainings and educational actions) as well as the introduction of

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<sup>1</sup> [www.zarimar.za.pl](http://www.zarimar.za.pl)

the institutional issues supporting the functioning of the business (improvement in the functioning of the administration and decision processes);

- The size of the creation of the gross value added according to the PKD section shows the low level of the competitiveness of the Lubelskie voivodeship against Poland. Particularly in the key sections for the region development – manufacturing (D), agriculture, hunting and forestry (A). Also the sections of education (M) and building (F) are located below the referential value of the discussed parameter and at the same time decrease the level of the region's competitiveness. However, taking into consideration the ability of producing new values, the region's potential lies in the following sections; producing and securing the electric energy, gas, and water (E), health protection and social welfare (N), municipal personal service activities, other (O), mining (C); public administration and national defence (L). For the improvement of the negative tendencies some activities aimed at supporting the development of the economy in the region's key sections will be useful.
- Investment competitiveness of the Lubelskie voivodeship in relation to the referential area was assessed on the grounds of the value of the investment expenditures from the national economy according to PKD sections. It was noticed that against the general situation in the country the amount of the investment expenditures in the voivodeship increased more dynamically which proves the fact that there are present some positive developmental tendencies. In order to keep and strengthen this positive trend one should first of all limit the administrative barriers which disturb the investment process. The key problem is the reduction of the administrative procedures related to permits and decisions;
- It was noted that the rising amount of the expenditures on research and development in the Lubelskie voivodeship does not compensate for the disproportions in this area – in Poland they raise faster than in the region. The role of the local government is to take actions aimed at attracting new investors from the branches of modern technology as well as the creation of the institutional support for the system of designing and introducing innovative solutions – the creation of the cooperation level between the research-development units and companies.

The presented analysis indicates the main problem areas – generally, they are connected with a lower than national level of economic development, particularly visible in trouble spots of the economic life. However, evaluation of development perspectives of the voivodeship is ambiguous. The data obtained prove that if the present trends are continued, some areas will become even more troublesome. In other areas, on the other hand, we can expect improvement of the situation.

A number of observed phenomena derive from macrosocial and macroeconomic trends. It is difficult to avoid them. Considering their influence on the economic development, only neutralisation actions can be taken. For sure, such phenomena include processes taking place in the demographic structure – a decrease in the number of population at school age at given education levels, ageing of the society, a decrease and an increase in the birth rate. Such variables must be taken into account when planning, for example, education policy – due to the necessity of adjusting to the changes. Considering the demographic changes, one can expect a growth of importance of the health care and social care, including the development of private medical sector, which also needs to be taken into account while planning strategic perspectives for the region.

It has been noted that defects in the transport infrastructure (e.g. airports) and its deteriorating condition (particularly in reference to roads and railway infrastructure) will result in further lowering of the position of the region in the country. Due to the fact that national roads and voivodeship roads are being renovated and modernised as well as the traffic is increasing, some areas in the region are difficult to reach. As a consequence, the possibilities of taking advantage of other benefits of the region such as its economy, tourism, nature or location near the border are limited. Because of an increasing number of people crossing the border in the Lubelskie voivodeship, apart from the complex redevelopment of the road border crossing to Hrebenn which is being already done, it is necessary to redevelop the road border crossings in Terespol and Zosin. Also, the road border crossing in Kukuryki must be adjusted to pedestrian traffic due to a planned construction of A2 motorway. In the discussed context of taking advantage of the near border location of the area, the location of the transport corridors which are part of the Trans-European Transport Network (TEN-T) and the development of

the container terminal in Małaszewice (aspiring to the role of a European logistic centre) are of crucial importance.

It should be noticed that the expenditure analysis shows that the possibilities of financing local governments' undertakings are increasing. As a result, it can be predicted that their financial engagement in the development of the region will increase. This is surely one of the key factors which can stimulate local development. Various activities may have a multifaceted character. These can be direct financial interventions and investments as well as indirect activities connected with creating a system supporting the development – promoting innovations, creating and implementing a system of management of the social-economic change. Supporting entrepreneurship is one of the actions that requires the engagement of the local government and requires the use of public means. It has been proven that the Lubelskie voivodeship is and, if the present trends are continued, will be a poorly developed region as far as entrepreneurship is concerned. The examined entrepreneurs indicated that the biggest problem that they had to face in their business activity was excessive bureaucracy. Moreover, entrepreneurs claim that the local government hardly ever engages in any actions aiming at creating conditions encouraging business activities.

Considering the specificity of business activities in the Lubelskie voivodeship, it can be stated that there are areas in which efficient interventions could improve the condition of regional economy. One of the most serious problems is low competitiveness of companies. It results from the fact that enterprises are run as individual business activities, there is a small amount of companies which exchange goods with foreign countries, there are limited possibilities of investments and a slight engagement in innovative undertakings. What can be evaluated positively is the growth of the number of people working in R+D sector per 1000 population of professionally active people in the voivodeship. However, the key issue here is introducing co-operation between R+D institutes and private entrepreneurs. It is crucial to create permanent channels of co-operation. Developing such relations may have various forms, since starting co-operation with representatives of such different environments may be difficult. That is why engagement of public institutions is important.

One of the prospective areas of business activity in the region is renewable energy production. Apart from economic factors, issues connected with environment protection play an important role here. The fact that Lubelskie, especially the air, is not much polluted is advantageous for a steady economic development of the region. Also, environmental and health dangers are minimised. On the other hand, it has been evaluated that the level of environment protection infrastructure is unsatisfactory. Some villages and small towns do not have sewage systems and sewage treatment plants or lack modern systems of collecting, storing and recycling wastes. In the analysed region the most prospective renewable energy source is biomass. It is connected with the availability of wastes of agricultural origin, particularly from plants grown for energy purposes. Using this energy may accelerate the social-economic development of villages.

Agriculture is one of the key economy sectors of the Lubelskie voivodeship. However, its further development is connected with the necessity of introducing structural changes and raising awareness among farmers. First of all, they should increase their qualifications and competencies connected with farm production processes and acquire marketing and management skills. To do this, there is a need to create a good system of consultancy and a network of institutions helping farmers to join the modern agribusiness system.

Another important area to be developed in the agricultural sector is ecological agriculture. The Lubelskie voivodeship has appropriate scientists, a significant number of small food-processing plants and convenient location for producing 'niche' crop plants, thanks to which it could become an important centre of ecological agriculture. However, it is necessary to create appropriate attitudes among farmers. Activities aiming at developing agriculture should be supported by local and branch governments. Introducing a system of encouragement and organisation simplifications for potential investors in villages, especially in the branch of food processing, would be of great importance for the development of the sector.

Creating relations between the worlds of science and business, which has been emphasised earlier, is also important for developing modern agriculture. Considering the role of fruit farming in

the voivodeship, it is necessary to intensify activities integrating scientific research, production, marketing as well as fruit turnover and processing.

Another sector that is very important for the economic development of the voivodeship is tourism. Despite the decrease in the number of accommodation places, the number of tourists using them is increasing. It has been noticed that the inhabitants of the voivodeship are more willing to offer agricultural accommodation. Generally, tourists have been found to be more interested in rural areas. As a result, a growth of the infrastructure of tourism in the voivodeship is expected. It must be pointed, however, that spontaneous processes of creation of accommodation places do not guarantee improvement of the infrastructure of tourism at a level meeting the expectations. A varied cultural and tourist offer is not enough to attract tourists. Also, lack of a product that could be associated with Lubelskie makes it difficult for the region to be recognisable by tourists. It is necessary to create a mark including both the most attractive and best known places as well as areas not discovered by tourists yet. Also, promotion activities undertaken by local governments should be reorganised so that the most valuable products are emphasised. At the moment they disappear among the numerous offers whose quality is difficult to verify by tourists.

It has been stated that if the present trends are continued, there will be strong spatial diversity of the economic development in the region. Administrative changes are of great importance here, for example, creating the Lubelskie metropolis or special economic zones. It should be also noticed that in the discussed context, political decisions are of key importance - Is the region to be developed by local economic attempts and should local financial sources be used for that or should they be allotted mainly for backward areas which must be helped to catch up with other areas of the voivodeship? Both concepts have advantages and disadvantages, and limited financial resources make combining them impossible. The dilemma is even more difficult to solve if we consider the fact that particular self-government administrative units of the voivodeship compete with one another. Thus, further growth of the importance one unit means decline of importance of others.

The fact that the voivodeship is located near the border, which can facilitate contacts with Eastern European countries, has declined in importance in relation to economic development of the region. One consequence of the imperfection of the border crossings infrastructure and introducing new regulations (which cause problems with getting visas) is that well-established political and cultural contacts do not have a direct influence on the increase of the economic potential of the region. In reference to economy development, location near the border with the UE is more a limitation than a facilitating factor. It must be borne in mind, however, that international activities are connected with long-term aims and not necessarily with notable benefits. Considering the fact that building co-operation is a long process and there are long term perspectives of political changes, activities aiming at Ukraine joining the European Union are undertaken, there is hope that the present situation will change.

Location of the voivodeship near the border makes it possible for the local government to apply for financial support from the EU. This support may concern any activities aiming at improvement of the trans-border co-operation. This is, of course, not the only area which can be financed by the EU. Strategic aims which have been specified in particular support programmes are of key importance for the economic development of the region. It has been noted that the possibility of obtaining financial help from the EU is a motivating factor for public institutions, private institutions and non-government sector. They strive at raising employees' qualifications, changing organisation structures, planning modernisation of companies, designing planning documents and investment projects, creating a system of management and monitoring, restructuring the system of public finances - in order to obtain means for co-financing. Efficient implementations of programmes aiming at stimulating innovation and economic attractiveness of different areas are crucial for the Lubelskie voivodeship. Also, supporting education is very important, for it is a basic element of a society based on knowledge. Activities done so far resulted in raising interest in the European Union, also among representatives of companies operating in the voivodeship. Bureaucracy and formalisation of application forms hinder taking the most of the financial support offered by the EU. They were mentioned most often as barriers in taking advantage of the EU funds. As far as absorption of the European funds is concerned, a basic problem is preparing good quality projects. It requires not only time and funds for collecting appropriate documents but also administrative skills.

Non-government institutions are of key importance here. First of, the level of external financial support depends on the effectiveness, efficiency and competencies of these institutions.. However, their role is not limited to obtaining financial resources. Their administrative and organisational abilities are reflected in implementing efficient solutions of problems and managing the finances which are the disposal of self-governments.

One of the basic problems that have been observed is lack of an overall vision of how the institutions should function. Their characteristic features are not created consciously. Self-governments rarely use market solutions aiming at facilitating management and increasing the efficacy of institutions. In most cases, the term financial condition was not connected with possible actions aiming at increasing income (the exceptions were obtaining external support, promotion of tourism, searching investors). The main aim of self-governments' activities seems to have been avoiding debts. There were also no activities enabling evaluation of the reached outcomes.

Positive changes were connected with the system of recruitment of employees in self-governments and introducing obligatory evaluation of their work. Also, raising qualifications connected in particular with the necessity of preparing and implementing European projects is worth mentioning.

The research implemented as part of the project described in the hereby report is one of a number of steps aiming at inventorying the present condition of economy and society of the Lubelskie voivodeship. It aims, among others, at indicating perspective changes in areas considered as the most important for further development of the region. It is also one of the stages of creating a system of managing the social-economic change – the compendium of knowledge about the region presented here will be a point of reference for the next stage of the planned overall research project. As a result, it will be possible to evaluate changes and monitor progress in reaching the aims connected with the development of the voivodeship. Self-governments will have a tool enabling identification of potential factors of economic development of the region.

It should also be emphasised that carrying out analyses is only the beginning of institutional changes, for the final aim of the activities is implementing practical solutions, such as building an efficient infrastructure of institutions and integrating activities aiming at the development of the region and its local societies. Due to the fact that change is a natural phenomenon in social life (especially if one considers the dynamic process of globalisation), being active and facing challenges, searching and taking advantages of changes is more effective than adopting a negative attitude. In case of institutions, it means managing the changes, which is a solution favoured by the self-government of the Lubelskie voivodeship.