THE ROLE OF STRATEGIC PLANNING IN MANAGING LOCAL DEVELOPMENT

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Abstract
Strategic planning is an element of the process of managing a commune aimed to develop a plan or programme generally defined as a development strategy for a commune. It plays an important role in the functioning and developing the commune. The commune development should be discussed in the context of local development, which means the process of socio-economic transformation in the commune territory. Strategy for a commune should be seen as a process of creating an environment for the development of small and medium-sized enterprises and the formation of alternative paths of development and development projects. It is also a process of perfecting the effectiveness, competitiveness and quality and the process of integrated management of resources.

Key words: strategic planning, small and medium-sized enterprises, commune development.

Introduction
The systemic and economic transformation which took place in Poland in the early 1990s, initiated the process of local authorities’ adjusting themselves to the new market economy. The adaptation of territorial self-government units to the changing reality calls for, first of all, improved the effectiveness of managing available resources. An increasingly important role in this respect is played by planning as a function of management. It encompasses the whole of management activities which have a major impact on the results of the commune’s operation.

The aim of this study is to develop characteristics of long-term planning instruments and an attempt at specifying the tasks of the territorial self-government units (TSU) in managing local development.

Strategic planning – functions and scope
Planning is a process having the aim of the establishment of hierarchical goals (priorities) and preparing an action plan to implement them. The starting point is the specification of strategic goals of a commune (preparing a commune development strategy). It is also very important to fully (as far as possible) identify the factors which will influence the quantitative and qualitative standards and types of communal services required to be provided by a commune. Externalities which are independent of the commune include demographic trends, economic factors (changes in the economic situation), social trends and approaches, and technological aspects (scientific and technological progress). Internal elements (depending on the commune) include the need for new investments, the necessity to improve the
standards and quality of services provided, reducing costs, availability of resources (in terms of material, financial, staffing and legal resources) necessary to carry out the tasks.

Strategic planning in communes is a systemic method for dealing with change, consensus building covering the entire community and the creation of a shared vision of better economic prospects. [Berman, 2000, p. 9] The process of strategic planning should bring tangible results for the community and self-government authorities.

Among components of effective planning the most frequently mentioned one is the identification of a bundle of objectives, covering a long time-span, agreeing priorities and methods for conflict solving, – it is connected with the multitude of stakeholders in the process of development whose goals may not be the same, identifying strengths, weaknesses, opportunities and threats in the internal and external systems specifying the sequence of actions and the methods for measuring their accomplishment, as well as identifying the necessary internal resources and methods to acquire them [Planowanie, 1997, p. 16].

The process of strategic planning consists of three basic phases: 1) formulating strategic goals and issues, 2) a study for a draft strategic plan – which should have as an effect the formulation of strategic options, their assessment and selection, 3) and the building of systems implementing a proposal for a strategic plan. [Klasik, 1993, p. 27].

In conclusion, it should be stressed that planning is part of the management process and must be concluded with concrete usable results, i.e. a change in the existing situation to achieve the desired situation by means of specific actions and projects.

**Local development – its nature, goals and circumstances**

Local development is to be understood as concerted and systemic actions of the local community, local government authorities and other entities operating in the commune to create new and improve existing conditions for the development of the local economy and to ensure spatial and environmental order [Brol, 1998, fasc. 785]. Local development is a long process conditioned by history, industrial, political and cultural traditions of local people. To a large extent it depends on the attitudes of the local community expressed by entrepreneurship and participation in decision-making management processes.

The main goal of local development is to achieve the maximum public prosperity within which the level of well-being should take into consideration current needs and offer opportunities to continue growth and meet future needs. Among the universal elements of local development the following are most frequently mentioned:

1) residents’ needs – which evolve with the progress of civilisation, appearing in the sphere of individual experience, and further in group experience, then enter the sphere of information addressed to decision-makers; they are met in the material sphere and through an increasing number and diversity of products and services which have no material affect; this results in
development and a new quality is created as goods and services which were so far inexistent,
2) the needs of business entities – are factors of development along with residents’ needs;
3) assets and values of the natural environment – which are used for and stimulate the development of business activity and the living conditions of the population,
4) infrastructural management – which influences the costs of taking up and running activity and settlement of new residents; determining further development of a territorial unit,
5) economic, technical, staffing and research capacity – which may be a stimulus or act as a brake on development,
6) the level of education of the population, including skills and qualifications and the variety thereof; as the knowledge element is as important for development processes as traditional elements (work, land, capital),
7) cultural and industrial traditions, grass-root initiatives,
8) institutional resources – the institutions of the market environment, involving both public authorities and economic bodies and institutional forms of voluntary activity [Regulski, 1982, p. 37-41].

When implementing local development projects, one should not overlook the issue of balanced development, understood as the process of growth and change to ensure the meeting of existing needs without limiting the meeting of their needs by future generations [Klasik, 1998, fasc. 785]. This means the management of limited and exhaustible local resources, which will lead to the economic growth and the growing well-being of the local community without endangering the needs of generations to come.

Local development is determined by a number of external factors which consists of the general economic policy of the state, credit and tax system, availability of means of production and organisational solutions. It also at the same time depends on local factors which significantly complement externalities, influence their effectiveness contribute to their specification and through the synergic effect bear results which cannot be achieved without the local element.

**Local development tasks of territorial self-government units**

The basic unit of territorial self-government in Poland is a commune. Pursuant to the provisions of the Act on Territorial Self-Government may be defined as a self-government community consisting of residents and a specific territory. The scope of operation of a commune comprises all public matters of local importance which have not been reserved by other acts for other entities. The activity of a commune self-government with respect to organization and provision of public and social goods aimed at meeting the needs of local residents is also of importance. These tasks include the financing of socio-economic development, covering the costs of public services provided free of charge or at a reduced rate, ensuring public safety and maintaining the self-government administration are of key significance.
Self-government authorities are key actors in the local level, by running far-reaching socio-economic policy, implementing new methods of activity, providing aid and inspiration and supporting initiatives of diverse community groups. The main components (areas) in the development process which are entrusted to the local government are: the planning and co-ordinating of local development, creating industrial zones, using local resources, financing and financial support to local development, local promotion and marketing and spatial planning connected with local development.

The management of local development relying on public authorities’ influencing local residents and the economy is an expression of self-government interventionism. It is necessary for the local development policy to overcome many institutional, systemic, competence and financial barriers. Considering the limited capacity for creating new jobs, an active role of self-government bodies lies chiefly in the creation of favourable conditions for entrepreneurship development.

A number of tasks which are exclusively in powers of the commune are associated with the management of the local economy, of which the most important are: 1) the voting of a budget of a commune as the main source for the funding for the tasks implemented by the commune, 2) voting of a local spatial development plan, being a model for commune spatial development, a systemic instrument to steer the commune development, binding on residents and economic operators, 3) voting on economic programmes making up the strategy of commune development, 4) passing resolutions on property matters, taxation, incurring loans, taking up investment activity, taking over the tasks of state government administration and other bodies in matters connected with local development.

Direct economic activity has an important role as one of the many economic functions of territorial self-government. The activities of territorial self-government units as regards the creation of favourable conditions for the development of economic entities providing for the needs of the local community, and in particular creating a new model of services traditionally provided by the commune authorities on the commune territory are gaining special importance. This refers mainly to the increased indirect impact of the commune on the activity of business entities established in the commune which may be achieved through such activities as:

- approval of local spatial development plans and deciding on the terms of construction and land development;
- land and premises management (sale, perpetual usufruct, renting, lease and lending to use, organising and running open and covered markets);
- granting permits for the removal, utilisation and disposal municipal waste, running animal shelters;
- participation in setting prices for the use of public utilities (water and electricity supply, sewerage system, waste deposits etc.),
- providing rules of operation in accordance with environmental protection laws and influencing the situation by using tax law instruments by setting the public legal charges in the form of local taxes and charges.
Strategy as an instrument of managing local development

The commune development should be considered in terms of local development. It is a process of transformation on the institutional territory of the commune under the jurisdiction of the territorial self-government authority. In this process local authorities, institutions and organizations, as well as private individuals, are empowered to use local resources and opportunities and to carry out activities in various areas to the benefit of the local community. The commune development is influenced by various factors. They may be local (some of which depend on the local authority), whilst others are external and do not depend on the local authorities and community but they nevertheless influence their situation [Nowińska, 1997, p. 42].

An important role in the functioning and development of a commune is played by a plan or programme, generally known as the “commune development strategy” or “a strategy of the commune economic development”. The commune strategy means the mobilisation of all the power of local structures in the form of long-term and large-scale planning to ensure the commune’s development success. Thus it is a horizontal approach to development issues as it encompasses economic, social, cultural, spatial and environmental issues reflecting the structure of the commune economy by sectors and branches.

The strategy contains a sequence of activities targeted at long-term goals through activities in the sphere of operational goals, tasks and implementation projects. These measures are targeted at various spheres of development and the functioning of territorial units by which the strategy is a comprehensive document encompassing all areas of the functioning and development of territorial units.

The complexity of commune development (multidimensional changes and the multitude of factors influencing these changes) makes the building of commune development strategy a complex process, as it involves making a list of strategic goals and activities expressed in development plans which may contain options for various strategic solutions [Nowińska, 1997, p. 44].

Generally speaking, a strategy should address the question as to what should be done to make the commune operate and develop in the future while meeting the needs of its residents at the optimal level, considering the existing framework for these activities:

- the binding systemic and legal, as well as the finance regulatory environment (laws and regulations);
- the country’s socio-economic situation;
- international determinants including those implied by the integration with the EU;
- the amount of budgetary revenues (budgetary resources);
- the activity, innovativeness and effectiveness of local government authorities, staff and organisational units of territorial self-government;
- the situation of the natural environment and spatial planning;
- the need to protect the assets and resources of the natural and cultural heritage and to prevent its deterioration [Zalewski, 2005, p. 105].

The structure of the development of a strategy may be presented as follows (table 1). A commune strategy should be seen as a process of creating an
environment for the development of SMEs and building a framework for cooperation between the public and the private sector, fostering development and formulating options for development directions and development projects, an action programme set in the context of regional and local self-governance and a process of transfer of knowledge and exchange of information between the local community and commune authorities. it is a process of perfecting the effectiveness, competitiveness and quality, involving an integrated management of resources.

**The structure of a strategy development**

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**Conclusions**

Strategic planning in a commune is an expression of systematic and rational governance by local authorities in order to provide for the best possible environment for the local community, following the needs and preferences and the systems of values shared by residents, as well to enhance the competitiveness of this unit in line with the principle of balanced development.

According to the current systemic solutions, the greatest powers for organising, forming, supporting and coordinating development processes are given to commune self-governments. Due to this they may fully use strategic planning to control local development processes in favour of the sound management of public funds. The sound expenditure of public funds means they are disbursed in an effective and efficient manner. Investment policy determining investment projects and the sources of financing using a multi-year investment plan, activity-based budget, is favourable for both meeting the needs of the local community to a growing extent to a better qualitative standard.

**References**


**РОЛЬ СТРАТЕГИЧЕСКОГО ПЛАНИРОВАНИЯ В УПРАВЛЕНИИ МЕСТНОГО РАЗВИТИЯ**

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**Аннотация**

Стратегическое планирование – это элемент процесса управления общиной, нацеленный на разработку плана и программы, что главным образом определяет ее стратегическое развитие. Стратегическое планирование играет важную роль в жизнеобеспечении и развитии общины, что должно обеспечиваться в контексте местного развития, которое означает социально-экономическое преобразования на территории общин. Стратегия для общин должна рассматриваться как процесс создания среды для развития малых и средних предприятий, формирования альтернативных путей и проектов развития. Это также процесс повышения эффективности, конкурентности и качества, а также процесс интегрированного управления ресурсами.

**Ключевые слова:** стратегическое планирование, малые и средние предприятия, развитие общины.