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**LABOR MARKET POLICY IN POLISH REGIONS
ON THE BASIS OF THE WIELKOPOLSKA
AND WARMIA AND MAZURY REGIONS
(IN THE YEARS 2011–2016)**

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Key words: labor market, labor market policy, employment policy, regional policy.

Abstract

While implementing economic policy, the State concentrates on four main goals related to economic stabilization referring to economic growth: a stable price level, a balance in the economic relationships with other states and the implementation of a full employment policy. Employment policy and labor market policy are crucial aspects of these actions. In the current study, attention has been paid to the very differentiation between the notions of employment policy and labor market policy, special emphasis has been placed on the latter as it directly influences the level and structure of unemployment in the national and regional economy. Another important part of the study presents particular aspects of the policy implementation against the phenomenon of unemployment in the studied regions in the period 2011–2016. The wielkopolskie voivodship and the warmińsko-mazurskie voivodship have been chosen as the study subjects. These regions significantly differ regarding their level of unemployment, but also in terms of their labor market policy implementation.

**POLITYKA RYNKU PRACY W POLSKICH REGIONACH NA PRZYKŁADZIE
WIELKOPOLSKI ORAZ WARMII I MAZUR (W LATACH 2011–2016)**

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Słowa kluczowe: rynek pracy, polityka rynku pracy, polityka zatrudnienia, polityka regionalna.

Abstrakt

Państwo, prowadząc politykę gospodarczą, koncentruje się na realizacji czterech głównych celów związanych ze stabilizacją gospodarczą, które odnoszą się do wzrostu gospodarczego, stabilnego poziomu cen, równowagi w zakresie stosunków gospodarczych z zagranicą, a także postulatu pełnego zatrudnienia. We współczesnych gospodarkach trudno jest pojmować ten ostatni cel w sensie dosłownym, dlatego zadowalający staje się zwykle postulat możliwie wysokiego i racjonalnego poziomu zatrudnienia przy pewnym dopuszczalnym społecznie poziomie bezrobocia. Istotne miejsce w tych działaniach państwa zajmuje polityka zatrudnienia i polityka rynku pracy. W opracowaniu zwrócono najpierw uwagę na ustawowe i umowne regulacje stosunków pracy, a także na samo odróżnienie pojęć „polityka zatrudnienia” i „polityka rynku pracy”, ze szczególnym uwzględnieniem tej ostatniej jako bezpośrednio oddziałującej na poziom i strukturę bezrobocia w gospodarce narodowej. Ponadto istotną częścią opracowania jest ukazanie konkretnych aspektów realizacyjnych polityki wobec zjawiska bezrobocia, prowadzonej w Polsce w latach 2011–2016.

Introduction

While implementing economic policy, the State concentrates on four main goals related to economic stabilization referring to economic growth, a stable price level, balancing economic relationships with other states and implementing a full employment policy. Employment policy and labor market policy are crucial aspects of these actions. In the current study, attention has been paid to the very differentiation between the notions of employment policy and labor market policy, special emphasis has been placed on the latter as it directly influences the level and structure of unemployment in the national and regional economy. Another important part of the study is presenting particular aspects of the policy implementation against the phenomenon of unemployment in the studied regions in the period 2011–2016. The wielkopolskie voivodship and the warmińsko-mazurskie voivodship have been chosen as the study subjects. These regions significantly differ regarding their level of unemployment but also in terms of their labor market policy implementation.

Employment Policy and Labor Market Policy

Full employment is one of the main goals of economic policy. Taking into account the fact that the achievement of this goal in a market economy encounters crucial and varied difficulties and limitations, the level of this goal is regarded relatively satisfactory if it corresponds to the level achieved for the natural unemployment rate. Moreover, full employment is understood, e.g. by M. Friedman and E.S. Phelps as the unemployment level balancing labor market while taking into account frictional and structural unemployment. However, according to the Keynesians (e.g. F. Modigliani and L. Papademos) this

market is balanced under the concept of NAIRU (Non-Accelerating Inflation Rate of Unemployment) (JARMOŁOWICZ 2014, p. 143–146).

The above mentioned goal is realized by the State as it implements its employment policy which is part of economic policy. Economic policy is an activity which not only aims at possibly high (full) employment but also at the rational management of human resources at the macroeconomic scale and on the regional and local scales. These actions take into account not only the phenomena and processes related to the professional and social preparation of the population, but also the implementation of human resources into the active and productive functioning of the labor market (JARMOŁOWICZ, KNAPIŃSKA 2010, p. 180 and further).

The influence of the State on the labor market via its macro and micro economic instruments has significant limitations. The efficiency of this policy is weakened by such conditions as the lack of perfect mobility of capital and labor, limitations to possession and the flow of information, frequently imperfectly developed market infrastructure and others.

Employment policy may not always be equated to labor market policy. In the opinion of many economists, labor market policy should be treated as a relatively separate (or an autonomous) but important part of employment policy. In another approach it could be included within industrial and labor relations. Nonetheless, labor market policy is undoubtedly, and at least partly, oriented towards the implementation of other goals than employment policy exclusively. In terms of relations between economic policy, employment policy and labor market policy there have arisen many disagreements, also on the regional scale. Taking into account various discussions and disputes conducted in the research centers of Toruń, Łódź, Olsztyn, Katowice and Poznań by such labor market researchers as J. MELLER (1981), Z. WIŚNIEWSKI (1999), W. KWIATKOWSKA (2017), E. KWIATKOWSKI (2002), E. KRYŃSKA (2001), A. ORGANIŚCIAK-KRZYKOWSKA (2005), D. KOTLORZ (2007) and the authors of this study (JARMOŁOWICZ, KNAPIŃSKA 2005), some conclusions should be drawn and current discussions and disputes should be identified.

Labor market policy concentrates on solving the structural and social problems of an already existing labor market whereas the aim of employment policy is full or high employment (via the creation of new and full value workplaces). Employment policy concentrates on the issues of labor supply and demand along with the institution for global control over these variables, but labor market policy is most often limited to instruments applied by employment agencies.

However, if we look for the sources of unemployment in the malfunctioning of the labor market and its elements, a reduction of unemployment may only be carried out with the help of programs and measures to activate the labor market and the unemployed, namely via labor market policy.

According to Z. Wiśniewski, labor market policy is characterized by four basic goals: an employment goal to reduce the size of unemployment, a structural

goal to reduce structural maladjustment to the labor market, and a productive goal to increase labor force productivity. The realization of the fourth social goal consists in providing people who have lost jobs with financial back up and in providing the unemployed who have particular difficulties in the labor market with professional adaptation programs.

While influencing labor, the State may stimulate the growth of labor demand, and on the other hand decrease the supply of the labor force. The number of workplaces may increase due to, among others, subsidization payroll and employment, in order to maintain or increase the current employment level in private enterprises. The State may also create new workplaces in the public sector, also on the basis of special programs for the development and restructuring of employment. Another significant way to increase labor demand is supporting broadly understood entrepreneurship, favoring the creation of new workplaces in the private sector among small and medium businesses, favoring local initiatives for employment growth or granting financial and organizational aid to the citizens who want to be self-employed, which means changing their status from “unemployed” to “self-employed” in their own companies.

The decreasing of labor supply may be carried out by earlier retirement of workers, extending training and educating time, extending the time or scope of obligatory military service, a shortening of the working time, extending vacation periods, and decreasing the number of extra work hours or partial time employment.

Labor market policy is still an interference of the State (and it has its proponents especially among the successors of the classical and neo-classical approach), under which solving problems is usually limited to improving adjustment processes in the labor market. Thus it offers improvement of the quality and flow of information on labor demand and supply, the development of professional consulting, the stimulation of sectoral, regional, professional and qualificational mobility of workers and even the periodical lowering of payroll in order to stimulate the economic situation. This policy should also supplement and reinforce macroeconomic policy (including employment policy).

Active and Passive Labor Market Policy

In the literature, active labor market policy is often contrasted with its passive variant, namely the first one should help the unemployed to “return to work” whereas the other one is focused on “paying” social benefits to the unemployed. According to another definition of the two types of labor market policy, active market policy aims at the reduction of unemployment, passive market policy aims at social help to the unemployed.

Labor market policy of the State consists in the application of macro and micro economic instruments. The macroeconomic instruments include fiscal and monetary instruments and microeconomic instruments include projects aiming at the better functioning of the labor market and a reduction of unemployment in particular social groups.

Active labor market policy (ALMP) is a set of instruments used by the State and aims at making the unemployed join the labor market as they become employed. Active labor market policy uses a wide range of activities, aimed at the creation of new workplaces in the public sector and subsidizing employment and payroll, but also promoting education (KNAPIŃSKA 2010, p. 251).

Basic instruments of this policy include public works, intervention works, loans for the unemployed and employers, training the unemployed and professional consulting. Public works consist of subsidizing workplaces usually created by local authorities for projects including construction, renovation or current operation of the municipal or town infrastructure facilities. These works mainly aim at the activation of the long term unemployed with low professional skills.

Intervention works are used not only to activate the unemployed but also to create possibilities for them to get permanent jobs. They mainly consist in partial subsidization of employment by employment agencies to those employers who create new workplaces for the unemployed. It is also recommended for people directed to perform intervention works to possess qualifications necessary for the performance of these works, as this allows them to have bigger chances of finding further employment in a particular company.

Loans are granted by employment agencies to employers for the creation of new workplaces for the unemployed and also to employees during their redundancy notice period or if they are made redundant for reasons not attributable to the workplace provider.

Training should include apprenticeship, retraining, raising professional qualifications or learning how to look for and obtain employment. Training for the unemployed is initiated by employment agencies and aims at increasing the chances of finding work; especially if a person lacks professional qualifications, must change professional qualifications or is no longer capable of performing their current job.

Professional consulting is a service provided by employment agencies to people who are unemployed or looking for work in which they organize so-called work clubs which are group meetings during which participants learn how to look for jobs, learn about their professional predispositions and share experiences related to job searching.

On the other hand, passive labor market policy (PLMP) covers such actions as flexible treatment of retirement age, extension of training period, periodical weakening of professional activity, dividing the existing workplaces among a larger number of the employed, flexible work time forms and social protection of the unemployed.

Therefore it is the basic aim of passive labor market policy to “mitigate” the financial results of unemployment with unemployment benefits, pre-pension benefits, early retirement pensions, redundancy payments related to reasons attributable to workplace providers and social benefits¹.

While discussing the two different kinds of labor market policy, it should be stressed that they are closely connected with their aforementioned goals. Active labor market policy aims at employment and structural changes, but passive labor policy is focused on social goals. Although to improve the situation in the labor market, active programs have the greatest importance. Passive forms should not be underestimated as those which mitigate the negative results of an imbalance in the labor market. Therefore, the State which creates its labor market policy as a long-run activity should designate most of its funds for active forms of fighting unemployment and also ensure they are efficient.

Realization of Labor Market Policy in the Wielkopolskie and Warmińsko-Mazurskie Voivodships in the Years 2011–2016

As shown in the data in Figure 1, a relatively stable growth of the employment rate could be observed in the years 2011–2013. This rate dropped significantly although differently in different regions in the years 2014–2016 and the tendency was sustained at the beginning of 2017. Comparing the levels of the unemployment rate, it can be noticed that it reached the highest value in the warmińsko-mazurskie voivodship, being over twice higher than that of the wielkopolskie voivodship. Simultaneously on the national scale, the unemployment rate was slightly higher than that of the wielkopolskie voivodship and much lower than that of the warmińsko-mazurskie voivodship.

It should be added that there were poviats among those of the wielkopolskie voivodship in which the unemployment rate was much higher than the national average. For example, such a situation was observed in 2013 in the wągrowiecki powiat where the unemployment rate amounted at 21.6% (KNAPIŃSKA 2014, p. 138). In other poviats the unemployment rate was lower than the national average but higher than the voivodship average. Such a situation was in the following poviats: koniński (19.1%), słupecki (17.9%), złotowski (17.2%), kolski (16.2%) and chodzieski (16.1%) (*Ocena...* 2014, p. 10).

¹ Passive policy is financed in Poland from the Labor Fund, the Social Insurance Fund and from the State budget, and as a rule does not result in the creation of new workplaces. Its influence on the reduction of unemployment consists in the prevention of permanent professional deactivation of some part of labor resources.

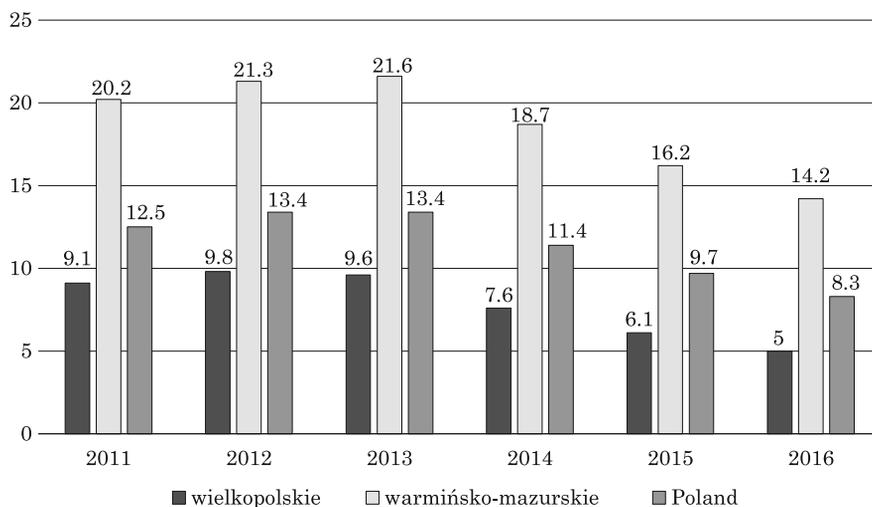


Fig. 1. Unemployment rate in the wielkopolskie and warmińsko-mazurskie voivodships and in Poland [%]

Source: own study based on the statistics of the Local Data Bank (online).

The lowest unemployment rates in the wielkopolskie voivodship were observed in 2013 in the city of Poznań (4.1%), and in the following poviats: poznański (4.6%), kępiński (5.1%) and wolsztyński (5.8%) (*Ocena...* 2014, p. 10).

As regards the level of unemployment rates in the warmińsko-mazurskie voivodship, in 2013 the group of poviats of the unemployment rate exceeding 27% included the following poviats: bartoszycki, braniewski, elbląski, kętrzyński, lidzbarski, piski and węgorzewski. Thus they were poviats characterized with the most unfavorable situation in the labor market. The lowest level of unemployment rate in 2013 in the warmińsko-mazurskie voivodship was observed in the iławski powiat where it was below the national average and was between 8.5 and 9.1 %. Generally in 2013, in most poviats of the warmińsko-mazurskie voivodship the unemployment rate significantly exceeded the national average (*Rynek pracy...* 2014, p. 9).

Moreover, attention should be paid to the data on the number of registered unemployed in the powiat employment agencies of the wielkopolskie and warmińsko-mazurskie voivodships presented in Figure 2. Although the unemployment rate is reportedly much lower in the warmińsko-mazurskie voivodship, when we look closely at the number of the registered unemployed we can see that it was higher in the wielkopolskie voivodship, which is at the same time more populated. As regards the dynamics related to the number of unemployed in the wielkopolskie voivodship, it initially grew and since 2013 has been dropping. However in the warmińsko-mazurskie voivodship, the number of registered unemployed was visible only in 2014. The following years showed improvement in the area of unemployment.

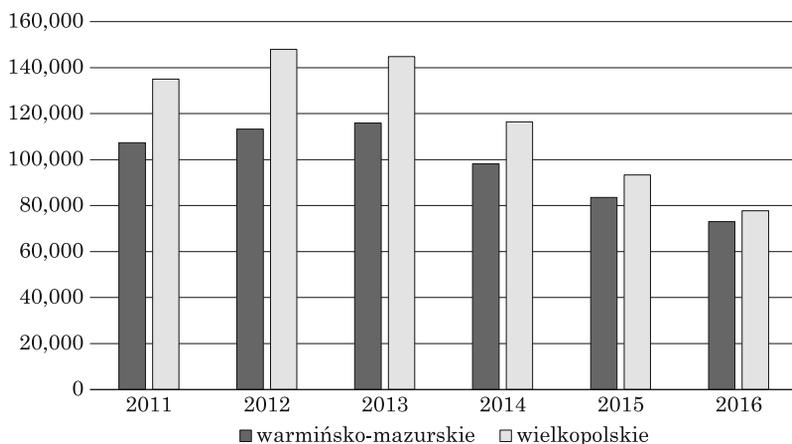


Fig. 2. Number of unemployed in the wielkopolskie and warmińsko-mazurskie voivodships
Source: own study based on the statistics of the Local Data Bank (online).

Taking into account the number of unemployed per 1 job offer, the data is presented in Figure 3. The largest number of unemployed per 1 job offer was in 2011. In consecutive years, this number dropped both in Poland and in the studied voivodships. However it must be noted that the most difficult situation in this respect was in the warmińsko-mazurskie voivodship, and in the wielkopolskie voivodship this number was even lower than the national average which at that time oscillated between 20 and 90 people.

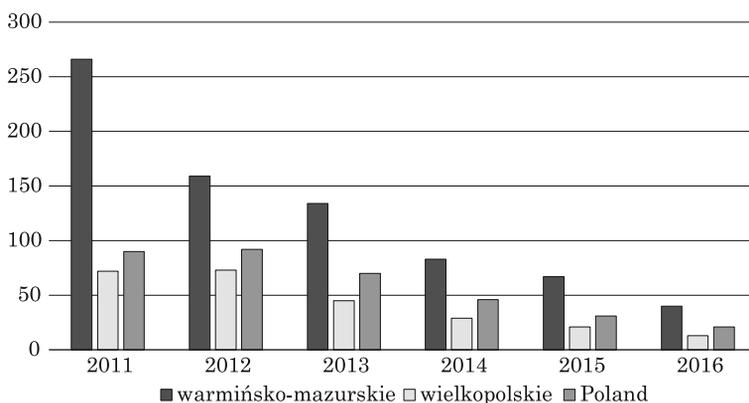


Fig. 3. Number of unemployed per 1 job offer (as at the end of December)
Source: Own study based on the statistics of the Local Data Bank (online).

Pursuing labor market policy in the region consists in preparation and implementation of the plan of action for employment which is a detailed version of the National Action Plan for Employment, drawn up for the entire country. Each region implements its own action plan, in which the most important goals for a particular region are emphasized. More specifically, the priorities of particular action plans prepared for the wielkopolskie voivodship in 2011 is presented in Table 1. As can be observed, most funds were allocated to Priority 1, which was the most important and desired goal with regards to the aims of labor market policy.

Table 1

Funds spent in 2011 in the wielkopolskie voivodship under the Action Plan for Employment

Priority name	Funds spent in 2011
Priority 1. Increase of employment and professional activity of inhabitants	612,458,167.94 PLN
Priority 2. Equal access to employment and promotion of social integration	110,674,465.20 PLN
Priority 3. Development of businesses, entrepreneurship and innovation in the region	62,102,428.87 PLN
Priority 4. Raising the level of education and its availability of inhabitants	157,938,511.35 PLN
Priority 5. Partnership for the development of rural areas	41,386,576.23 PLN

Source: own study based on data (*Sprawozdanie...* 2012, p. 11).

In 2016 the weight and hierarchy of priorities changed, which was presented in Table 2. In particular, in 2016 the funds spent under the Action Plan for employment in the wielkopolskie voivodship amounted to 1,969,862,820.77 PLN. The number and content of the priorities also changed significantly from five to three. In 2016, most funds were spent on Priority 1 which was promoting employment growth and the mobility of inhabitants.

Taking into account assumptions resulting from the plan of the labor market policy of the warmińsko-mazurskie voivodship for 2011, it may be observed that even then, the number of priorities indicated in the Action Plan for Employment for 2011 was limited to three, including Priority 1. The growth of professional and educational activity for the inhabitants of the warmińsko-mazurskie voivodship was Priority 2. An efficient labor market was Priority 3. This was the development of active labor market policy (*Regionalny plan...* 2011, p. 22).

Table 2

Funds spent in 2016 in the wielkopolskie voivodship under the Action Plan for Employment

Priority name	Funds spent in 2016
Priority 1. Growth of employment and mobility of inhabitants	1,594,726,591.00 PLN
Priority 2. Investments in education and continuous training	160,562,482.65 PLN
Priority 3. Social integration and fighting poverty	214,573,747.12 PLN

Source: own study based on data (*Sprawozdanie...* 2017, p. 11).

Considering the goals of the action plan for employment set forth in the warmińsko-mazurskie voivodship in 2016, it may be noticed that the number of priorities was also limited in this case, from three to two: Priority 1: Supporting the growth of employment and mobility of the inhabitants of Warmia and Mazury and Priority 2: Reinforcement of efficiency of actions taken for increasing adaptability in the labor market (*Regionalny plan...* 2016, p. 44). Thus, in both voivodships the number of priorities was reduced in the strategic documents. For the priorities, detailed actions were formulated and they are presented in Table 3.

Table 3

Priorities and actions of labor market policy in the warmińsko-mazurskie voivodship for 2016

Priority name	Detailed actions
Priority 1: Supporting growth of employment and mobility of the inhabitants of Warmia and Mazury	<ul style="list-style-type: none"> – creating new and supporting already existing workplaces by supporting entrepreneurship – supporting mobility of the unemployed in the national and European labor market – increasing employment chances and the growth of professional activity of people remaining in special situations in the labor market
Priority 2: Reinforcement of efficiency of actions taken for increasing adaptability in the labor market	<ul style="list-style-type: none"> – raising the quality of services provided by state employment agencies and Voluntary Labor Corps employees – monitoring labor market policy efficiency – development of cooperation with partners in the labor market

Source: own study based on *Regionalny plan...* (2016, p. 44–47).

It is important to analyze expenditures on particular active forms of employment promotion. As shown in Table 4 the studied voivodships have slightly different data bases available on-line. It poses certain difficulties in presenting the data in this study. However, the comparison of the most crucial forms of employment promotion leads to the conclusion that in the warmińsko-mazurskie voivodship in December 2016 more funds were spent on intervention

works, public works and works of social use, which proves the rather traditional nature of labor market policy carried out in this voivodship. In the wielkopolskie voivodship, however, more funds were spent, in the studied period, on trainings, internships, professional training to adults and employment vouchers.

In the analyses of labor market policy it is crucial to monitor the efficiency of programs implemented under this policy. In Figure 4 we presented the employment efficiency of basic activation forms, measured as the percentage of people who took part in the programs and found employment against the entire group of participants of the active programs organized by powiat employment agencies.

Table 4
Expenditure on employment promotion incurred in December 2016 (thousand PLN)

Specification	Wielkopolskie voivodship	Warmińsko-mazurskie voivodship
Intervention works	116.4	2,128.9
Public works	817.5	3,197.1
Trainings	2,431.5	2,167.0
Internships	8,037.9	5,679.9
Social use works	109.3	436.1
Professional trainings to adults	92.1	56.1
Refunding of social insurance contributions	34.6	–
Employment voucher	168.3	80
Training voucher	420.9	–

Source: own study based on *Informacja nr 12/2016* (2017, p. 8), *Biuletyn informacyjny...* (2017, p. 59).

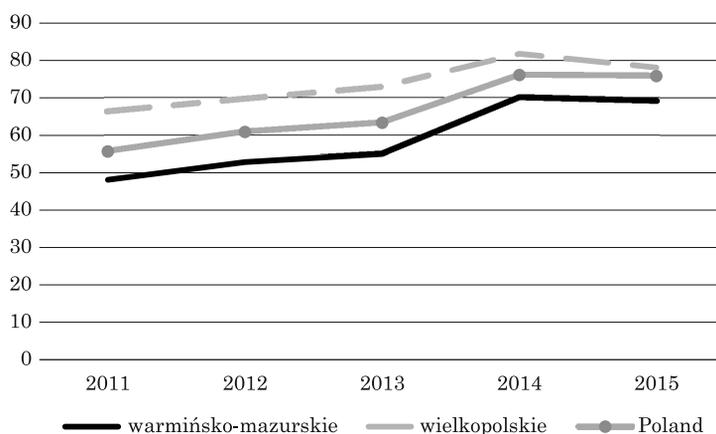


Fig. 4. Employment efficiency of basic active forms in the years 2011–2015 [%]

Source: own study based on data from: *Efektywność...* (2012, p. 12, 2013, p. 8, 2014, p. 12, 2015, p. 12, 2016, p. 12).

Data in Figure 4 prove that the employment efficiency of active programs in the years 2011–2014 grew. In the last year of the studied period, this efficiency slightly dropped. Moreover the relationship between the levels of this indicator for the wielkopolskie voivodship, the warmińsko-mazurskie voivodship and the country in total was the same over the studied period. The highest efficiency was observed in Wielkopolska, and the lowest – in Warmia and Mazury². Simultaneously, there was observed a growing tendency of this indicator and the equalization of its levels in the three studied areas.

Conclusions

The presentations, analyses and evaluations given above prove that there is a continuous falling tendency as regards the unemployment rate in Poland in the last years of the studied period, which may also be observed in the studied voivodships. In the warmińsko-mazurskie voivodship, the unemployment rate remained permanently at a level higher than the national average, but the wielkopolskie voivodship was among those who were characterized with having a better situation regarding this indicator. Also, the number of unemployed per 1 job offer was also favorable for Wielkopolska, which confirms that the economy of Wielkopolska managed to absorb the labor force surplus. The number of unemployed was slightly less favorable for this region. As shown in the studied period, the total number of unemployed inhabitants of the wielkopolskie voivodship was higher than the number of the unemployed registered in the warmińsko-mazurskie voivodship. It indicates not only differences in population, but also that the problems of unemployment faced by powiat employment agencies have a similar character, at least in terms of the number of participants. This phenomenon occurs more frequently in the warmińsko-mazurskie voivodship. Employment agencies of Wielkopolska show a higher employment efficiency of programs organized for hiring the unemployed, which may be interpreted as a higher organizational efficiency of employment agencies or that the conditions in this region are more favorable for creating new workplaces for the unemployed.

The conclusions encourage further and more profound analyses of labor market policy performed in Polish regions and the preparation of a wider comparative study of the Polish region. Although they are included in a relatively uniform

² Other publications on the issue of labor market policy efficiency should be mentioned here: KNAPIŃSKA (2015, p. 192), *Polityka rynku pracy* (2015).

national labor market policy, they differ significantly in terms of the size of the unemployment phenomenon and the efficiency of the employment policy carried out in a particular region.

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**SOCIAL INNOVATIONS IN THE LABOUR MARKET
IN INSTITUTIONS IMPLEMENTING
A MODEL OF ORGANIZATIONAL CORPORATE
SOCIAL RESPONSIBILITY**

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Key words: social innovations, labour market, corporate social responsibility (CSR), quadruple helix model, social cluster.

A b s t r a c t

The aim of this article is to provide a broader look at the issue of social innovations through the prism of the possibilities of their creation and implementation in socially responsible organisations. The author of the article presumes that the ability to innovate in the area of labour market organisations implementing the model of corporate social responsibility is higher than in organisations not functioning on the basis of social responsibility.

**INNOWACJE SPOŁECZNE W OBSZARZE RYNKU PRACY W ORGANIZACJACH
WDRAŻAJĄCYCH MODEL SPOŁECZNEJ ODPOWIEDZIALNOŚCI ORGANIZACJI (CSR)**

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Słowa kluczowe: społeczne innowacje, rynek pracy, społeczna odpowiedzialność organizacji, model poczwórnej helisy, klastr społeczny.

A b s t r a k t

Celem artykułu jest szersze spojrzenie na problematykę innowacji społecznych przez pryzmat możliwości ich kreowania i wdrażania w organizacjach społecznie odpowiedzialnych. Autorka artykułu stawia tezę, że zdolność do innowacji w obszarze rynku pracy w organizacjach wdrażających

model społecznej odpowiedzialności organizacji jest wyższa niż w organizacjach niefunkcjonujących na podstawie zasad społecznej odpowiedzialności.

Introduction

The nature of changes occurring in the labour market, together with key challenges, leads to the use of social innovations as one of the tools of effective employment and labour market policies. Social innovations rely in this case on the use of new solutions to current problems, and they are also a way to search for greater effectiveness of activities in the field of employment and the labour market.

An analysis of the categories of social innovations is important in the area of creating and implementing social innovations. Firstly, usually bottom-up social innovations are the response to urgent needs not covered by the administration and the market, and they are also targeted toward vulnerable groups in society. Secondly, the wider level of implementation of social innovations solves social challenges, taking into account the aspect of social and economic development, and moreover, they are directed to society as a whole. The third type of social innovation – system innovations – relates to fundamental changes in attitudes and values according to the implementation of public policies, structures and/or processes, including supply systems (JĘDRYCH 2013, p. 183–201).

In summary, Peter Drucker sees innovation as a process of a systematic, purposeful, and organised search for changes and opportunities that these changes may cause (DRUCKER 1992, p. 43, 44). Innovations are therefore a process of discovering changes and ways to create performance and value. Following the idea that social innovation is a deliberate search for solutions, you must specify the source of innovation, both internal (within the organisation) and external. These sources include (DRUCKER 1998, p. 3–10):

- unforeseen situations (such as: success, failure, external event, new challenges);
- the need for change within and outside the organisation (for example: economic reality, assumptions about reality, perceived and actual values and expectations of the client in the rhythm or the logic of the process);
- new knowledge.

The aim of this article is to have a broader look at the issue of social innovation through the prism of the possibilities of their creation and implementation in socially responsible organisations. The author of the article presumes that the ability to innovate in the area of labour market organisations who implement a model of corporate social responsibility is higher than in organisations that do not function on the basis of social responsibility.

Despite the differences in the dynamics of innovation and socially responsible activities arising from the fact that these are comprehensive and multidimensional

concepts that cause problems in synergy between selected types of innovation and corporate social responsibility (CSR), a certain degree of activity with regards to these concepts may be accepted in the field of creation and innovation as it pertains to the labour market.

Social innovations are a tool for building solutions with the participation of organizations in different sectors.

Research questions which have arisen in this publication relate to the following issues:

1. Is the opportunity to implement social innovation in the area of the labour market higher among socially responsible organisation?
2. What affects the ability to create and innovate in the area of the labour market in socially responsible organizations?
3. What challenges and problems in the labour market can be solved through social innovation?

The Concept of Corporate Social Responsibility as a Tool to Support Social Innovation in the Labour Market

The answer to the research question posed by the author requires clarification of how the concept of corporate social responsibility can be used as a tool to support the process of solving social problems through social innovation in all sectors: public, non-governmental, and private.

It should be known that, despite the similarities, there are differences in the dynamics of innovation and socially responsible activities, which result from the differences between these concepts, because these are comprehensive and multidimensional concepts. This causes problems in the synergy between selected types of innovation and corporate social responsibility, as it cannot be considered to be a total match of these two concepts. Organisations that begin the implementation of socially responsible actions are aware that they are uncoordinated, poorly integrated, and they require the construction of a certain plan for the implementation of a strategy. Taking action is not always enough for an organization to claim that they are socially responsible. This does not mean that an organisation who wants to work according to the concept of social responsibility must show activity at all stages of the implementation of this concept from the beginning.

The possibility of solving social problems through social innovations depends not only on the level of the maturity of the implementation of social responsibility, but also on the level of social engagement (FILEK 2006, p. 6, 7, WISZCZUN 2013, p. 383–402).

The organisation carrying out social responsibility at the strategic level, in other words using the opportunities arising from the implementation

of corporate social responsibility, composes its own value, and also builds value for the stakeholders. Therefore, there is a potential for cooperation in the field of social innovation.

According to experts, the key turning point is a vision of sustainable development and corporate responsibility, which is at the discretion of the leaders of the organisation. From that moment a potential strategic consideration of social responsibility in action begins to appear, and hence a rearrangement of social responsibility and competitive advantage, which also results from the creation and implementation of social innovation. The best example of this can be analysed in this article, the social cluster in the quadruple helix model. However, it is crucial to understand the social dimension within the context of the organization.

The analysed solution can affect the creation of other types of innovations, in addition to social ones, especially when changes will occur enabling the organisation to go beyond the boundaries of the social cluster.

Studies indicate that a strategic approach to corporate social responsibility enables the creation of better innovations; the reason for this state of affairs is seen in the greater openness of the responsible organisations to signals from outside. They are more willing to cooperate with external partners (KIRON et al. 2012, p. 69–74).

The results of the studies also indicate a relationship between the number of new products and services and activities in the field of social responsibility (PORTER et al. 2006, p. 78–92). Such organisations record more interaction with the surrounding environment, e.g. with current and potential customers, suppliers, representatives of science, public institutions, and non-governmental organisations (MIDTTUN 2007, p. 401–413).

This article concerns the analysis of social innovations in the labour market, but it should also be remembered that technological innovations may become a source of social innovation as well. An interesting element of the study is the extent to which social innovations are the result of technological change, as it becomes necessary to create new sources of creating additional value for society, business, and consumers. We find a large part of social innovation in the discovery and construction of various types of sources, both internal and external.

Features which influence the formation of responsible innovations are: the size of the organisation, implemented strategy, role in the society, as well as the motivation of the owners and managers. Greater interest in participating in the process of responsible social innovations is shown by the private sector; mainly larger companies that are culturally located in the community and have a proactive policy aimed at growth, development, quality, and innovation. These firms also have a higher level of motivation and satisfaction among employees as well as pressure from partner companies (CHESBROUGH 2003).

The ability to solve problems in the labour market through social innovation in socially responsible organisations is confirmed by the concept of open

and closed innovation (CHESBROUGH 2003). The concept of ‘open innovation’ by Chesbrough and Garman allows a free, two-way flow of intellectual property and people between the organisation and its environment (CHESBROUGH 2003, p. 35–50). Open innovation can be created in the following way: there is a possibility to become a customer or supplier of one’s own internal projects, allow others to develop their non-strategic initiatives, try to make intellectual property organisation more beneficial, and expand the ecosystem of the company, and initiate open projects to reduce costs and expand participation. The concept of open innovation has particular potential for the development of responsible innovations because it forces an interaction with the environment, which allows connecting the social partners with the business and institution.

To sum up this part of the analysis, concerning the possibility of the implementation of social innovation in socially responsible corporate organisations, implementation depends on:

- the degree of convergence of the objectives of the organisation and social objectives, strong partners involved in the idea of permanent social change;
- cooperation between companies, non-governmental organisations, other entities operating in the market, and universities.

The possibility of solving social problems in the corporate labour market in socially responsible organisations is confirmed by the concept of a ‘hybrid value chain’ of the organisation (*Report: Empowering people, driving change social innovation in the EU communities* 2011). The source of the concept of the hybrid value chain is a need to create an intermediate zone between the projects oriented on profit and the “non-profit” ones. Often, the business and social sectors have worked in parallel with different resources and goals, and only the concept of cooperation has opened up completely new, powerful capabilities to create new markets and at the same time improve the community. The hybrid value chain is defined as a trilateral cooperation between businesses, social organisations, and the community. Other parties may be involved in the mechanism, such as public administration, whose task is then to facilitate the creation of similar relationships. The hybrid lies in the fact that different parties participate in the activities assigned to each “link” of the chain, from the stage of acquiring raw materials to achieving the final shape of the products, usually more than one, sharing responsibilities according to their resources and expertise.

An important proposal, regarding the possibilities of creating, implementing and diffusing social innovations in the labour market, may be the construction of a social cluster.

The effectiveness of employment and labour market policies depends to a large extent on the way it is implemented at the local and regional level, taking into account the presence of other entities in the cluster, such as employers, universities, and non-governmental organisations. The highest level in terms of territorial location of the social cluster is the regional level. The social cluster is primarily a concentration of entities working together for the development

of previously developed activities conducive to achieve the goals. This concentration occurs in different ways and includes a variety of entities, depending on the objectives. The cluster is the cooperation of many individuals working to strengthen the network of formal and informal relationships. A supporting method to the development process of social innovation in organisations is most likely the quadruple helix model (CARAYANNIS et al. 2012).

The literature concerning the analysis of the quadruple helix model indicates that it is not a static model, but a model that distinguishes four quadruple helix types: the triple helix model with users, a model with a centrally located business sector, a model with a centrally located public sector, and a model in which civil society is in the center (*Raport: Using the Quadruple Helix Approach to Accelerate the Transfer of Research and Innovation Results to Regional Growth* 2016).

The adoption of the quadruple helix model stems from perceiving the role and importance of civil society, increasing the activity and awareness of individuals, as well as improving the possibilities which electronic media give. It is therefore obvious that depending on the purpose and nature of innovation the quad helix model must be different, since the entity that initiated the innovation is separate from the development of social and economic needs of the members of the social sector. The four elements of the helix are linked and work together on various principles. Acting in the process of implementation and innovation are: key roles, supporting roles, or user – recipient roles (WISZCZUN 2013, p. 387–388).

When analyzing the issue, it is worth pointing out the way in which the authors are dealing with the national innovation system. They accentuate other elements of it and separate its various components. Lundvall points to three subsystems: production, marketing, and finance (LUNDVALL, BENGT-AKE 2010). Patel and Pavitt distinguish four basic elements of this system: companies, research institutions, educational institutions, and the government (PATEL, PAVITT 2000, p. 217–236). The literature also indicates three types of organizations – educational, research, and enterprises operating in a specific institutional environment (OLECHNICKA, PŁOSZAJ 2010).

Detailed assumptions regarding the construction of a social cluster based on the assumption of creating social innovations of corporate social responsible organizations have been presented in the form of the table shown below¹.

¹ Developed on the basis of prepared results from the implementation of the following projects in the form of own materials and also the subsequent publication of our own article on a similar topic in the publication (WISZCZUN 2013, p. 383–402). Project No. 1 “Partnership in the implementation of projects is an opportunity for development of the SME sector”, Polish Craft Association and Mazovian Chamber of Craft and Entrepreneurship in Warsaw. 2013–2015. Project No. 2 “Cross-sectoral cooperation for CSR in Silesia”, implemented in partnership between the Chamber of Crafts and Small and Medium Enterprises in Katowice and the Association of Responsible Business Forum from Warsaw. 2013–2014.

Table 1

The role of the various sectors of the social cluster based on socially responsible corporate innovation in the labour market

Sector	Quadruple helix model, in which the science sector plays a central role	Quadruple helix model from the point of view of the business sector	Quadruple helix model, in which the public sector plays a central role	Quadruple helix model, in which civil society plays the central role
The same activities for the business and public sector	the perception of social needs as opportunities to develop new services	the perception of social needs as opportunities to develop new services	the perception of social needs as opportunities to develop new services	the perception of social needs as opportunities to develop new services
Business sector	<ul style="list-style-type: none"> – recognition of modern information and communication technologies as instruments of dialogue with stakeholders – the construction of action plans specific to each company, taking into account the needs and projection to create cross-sectoral agreements in the implementation of social innovation 	commercialization of products and services through social innovation, included in the labour market. The use of competitive advantage in the form of a niche market, assuming the use of social innovation	construction development programs, local and regional policies taking into account the social needs of projection to create cross-sectoral agreements to be implemented in the labour market	construction of cross-program agreements for the implementation of social innovations, included in the labour market. Supporting citizens' innovation activities
Public sector	building a local and regional policy of development programmes taking into account the social needs of the projection to create cross-sectoral agreements in the implementation of social innovation in the labour market	building action plans specific to the undertaking concerned, taking into account the needs and the projection of creating cross-sectoral agreements in the implementation of social innovation in the labour market	the inclusion of social and environmental issues to public procurement without entering the additional administrative burden. Building a local and regional policy for development programmes taking into account the social needs of the projection to create cross-sectoral agreements in the implementation of social innovation	creating cross-sectoral agreement programmes in the implementation of social innovations in the labour market. Supporting citizens' innovations activities

Source: own elaboration based on project implementation WISZCZUN (2013, p. 391, 392), with later changes.

Table 2

The role of various sectors of the social cluster based on the social innovation of socially responsible organizations in the labour market

Sector	Quadruple helix model, in which the science sector plays a central role	Quadruple helix model from the point of view of the business sector	Quadruple helix model, in which the public sector plays a central role	Quadruple helix model, in which civil society plays the central role
Science sector, Civil sector	perception of social needs as an opportunity to develop ideas, and demonstrate new products and services in social innovation in the labour market. Creating new products and services for the development of the use of social innovation. Recognition of modern information and communication technologies as the instruments of dialogue with stakeholders	perception of social needs as the opportunity to develop ideas, demonstrate new products and services in social innovation in the labour market. Creating action plans specific to the undertaking concerned, taking into account the needs and the projection of creating cross-sectoral agreements in terms of innovations in the labour market	perception of social needs as the opportunity to develop new products and services in social innovation, included in the labour market. Creating local and regional policy development programmes taking into account the social needs of the projection to create cross-sectoral agreements in terms of social innovation in the labour market	perception of social needs as the opportunity to develop new services. The construction of cross-sectoral agreement programmes in the field of social innovation in the labour market. Supporting citizen innovation activities

Source: own elaboration based on project implementation WISZCZUN (2013, p. 391, 392), with later changes.

The possibility of using an organization implementing corporate social responsibility to support more social innovation has been proven by research cited in this article. In addition, the possibility of using a quadruple helix has also been supported by the appropriate literature. Combining the analyzed elements in practice, in the form of a cluster of social innovations, is not a commonly used solution; moreover, it requires an analysis of the individual stages of its construction.

Building potential in the creation of social innovations in the labour market in the form of a social cluster requires some specific actions (WISZCZUN 2013, p. 397–399, *Guide to Social Innovation 2013, Empowering people...* 2011).

The first step is to have an awareness and understanding of the benefits of social innovation in the labour market. More visible social innovations and innovators trigger public attention contributing to the recognition and implementation of legitimate initiatives, individuals and organisations which promote innovation in the field of social policy.

The second step is to understand the scope, size, and results of social innovations for the development of effective action in the labour market. Public

opinion and the media should help public and private organisations to become aware that by investing in social innovations they will be able to measure the benefits and difficulties they may face in the development of new interactions. It is important to improve the measurement of social impact which social innovation has exerted and the amount of the return on investment and social development.

The third step is to facilitate the creation of a network of institutions at different levels. The size of innovations is proportional in relation to the sharing and dissemination of best practices and new models of implementation of these activities. Social innovations rely on building partnership relations between different entities, disciplines, and activities not only interregional and trans-European, but also international and local, as well as networks linking civil society with public and private organisations.

The fourth step is social clusters. Cooperation and mediation are therefore essential to combine ideas, resources, people and methods, and the intensification of social innovation.

The fifth step is the development of education and skills. As part of capacity building, much attention should be paid to specific support or infrastructure necessary for the different stages of developing social innovations. Obtaining public and private support for scaling is important. Networking requires knowledge in the following areas: Who performs specific activities and how? What support models exist? How to develop social innovations and measure their impact?

The sixth step is the legal status for social innovators. It is important to design a common solution to overcome the barriers in a different legal framework (access to finance, training, public procurement) and even to design a conscious strategy based on research in the sector.

Social Innovation as a Tool for Solving the Problems of Corporate Social Responsibility in the Labour Market

We are facing socially responsible corporate innovation in two cases: from the very beginning or when a social innovation is subjected only to a process of modification. The first situation is one where a significant social innovation contributes to the creation of an innovative product and/or service. The second situation is one where there is a technological innovation that allows its use for the implementation of an important social objective (WYRWA 2014, p. 160–180).

The European Commission has recognized that social innovations can be used in such issues as efficient and effective solving of social problems, support for lifelong learning, raising private and non-governmental funds to supplement state budget funding, assisting countries in making reforms and other political decisions on the basis of knowledge and co-creation of strategic social investments

(*Guide to Social Innovation* 2013). Guided by this catalogue of issues for the purposes of this article, it is necessary to analyze social innovation as a tool for solving social problems in the labour market in the context of these two different issues.

In the context of the first group of issues concerning general or systemic changes in the labour market, which we gain by implementing social innovation, it is worth remembering that social innovations are usually new or hybrid combinations of existing elements, rather than a completely new method of solving social problems. In addition, implementing them requires exceeding organizational and sectoral boundaries. An important advantage of implementing social innovations is that they indirectly contribute to the creation of new social relationships between citizens or individuals and social groups.

In the context of the second group of issues, in which specific concerns of the labour market should be analyzed, they will be helpful in interpreting the situation aimed at creating social innovation and integration with their existing processes, systems, and structures. Changing conditions in the labour market affect the change of the specificity of social problems. Common ways of solving problems in employment policy and the labour market are ineffective and inefficient, hence the attempt to find new solutions.

In the first group of issues, the key challenge in social policy is the effectiveness of expenses. Limiting the rate of growth of expenditure on social policy requires the introduction of new solutions aimed at the development of social services that is a complement, but also an alternative to cash benefits. The need to increase solutions to problems in the labour market based on social innovations also results from the need to look at social policy as a help in building social and economic development, as well as the combination of fragmented efforts into a coherent strategy.

Relevant for analysis are Evers' arguments, who remarks on the implementation of social policy, involving a combination of social and economic development (EVERS 2010). The problem may exist in the relationship between economic objectives from the point of view of economic growth, social objectives and democratic perspectives of social cohesion, quality of life, and citizens' competences. An essential problem is the orientation of social policy entities to meeting the needs of direct recipients of assistance activities and the needs of other groups, such as employers for example.

Implementation of social innovations in every area, including the labour market requires the identification of current challenges and problems that we want to overcome with the help of social innovation.

Analyzing the second group of issues, the implementation of social innovation in every area, including in the labour market, requires defining current challenges and problems that we want to overcome with the help of social innovations.

First of all, it should be realized that not all problems in the labour market can be solved with the help of social innovations, all the more as part of the

proposed method using a quadruple helix in the form of a social cluster among corporate socially responsible organizations.

In addition, the European Commission in the document entitled *Guide to Social Innovation* identified six areas of social life in which social innovations can play a special role, namely: migration and social aging process, environmental protection, information society, poverty and social exclusion, health, and fair competition (*Guide to Social Innovation* 2013).

Considering these two factors, it seems relevant to determine the current processes taking place in the area of the labour market. One such process is a trend that has been visible for at least fifty years in the labour markets of highly developed countries, consisting in a gradual decrease in the percentage of professionally active population; moreover, this also applies to the percentage of people working in the agricultural sector and the drop in the population employed in industry combined with an increase in employment in the sphere of services.

Another important trend in the labour market is the increased importance of the knowledge that we observe among the changes in the labour market, treating it as a key factor of production. Contemporary societies have behind them three successive revolutions whose essence is connected with knowledge. The first one is the industrial revolution, the second one – a revolution in productivity – it was synonymous with the use of knowledge to the organisation of work. The third one – a revolution in management – brought a change in management methods. These revolutions attracted an increase in the number of units, whose role in economic processes is reduced to conceptualizing problems and identifying solutions. The growing importance of knowledge is linked to the growing importance of education and training; therefore, social innovation should also take into account the processes occurring in this area.

Another trend is to adapt to the changes associated with the IT revolution, which is the first historically radical change entailing not just shifting jobs from one place to another, but also changes in the demand for positions. Qualifications, which until recently were enough in the labour market, now appear to be insufficient.

The analysis of the OECD report in the Polish labour market underlines the need to take actions that are aimed at improving the functioning of the labour market, strengthening the competitiveness of the product market, effectively preventing unfavourable demographic trends and improving short- and long-term economic prospects (*OECD Employment Outlook* 2015). Also in the report, there is an indicated need to improve public service implementation in the field of employment, which should lead to ensuring the openness of the labour market to all social groups and improve the process of re-employment. It is important to take additional measures to increase women's participation in the labour market and to maintain older workers in the workplace.

Summing up the second part of the presented issue, this analysis does not constitute a closed catalogue of labour market problems, whose social innovations are a helpful instrument in solving them, but they are only a foundation. Innovative solutions using the cooperation of different sectors can be more effective. Social innovation implemented in cooperation in different environments is conducive to better addressing and individualizing social services.

As rightly pointed out by P. Błędowski and G. Sempruch, processes leading to the socialization of social policy are of vital importance, which undoubtedly social innovations remain, thanks to the inclusion of various environments, including local ones, for the implementation of activities in this area (BŁĘDOWSKI, SEMPUCH 2014, p. 44–47).

Conclusion

The following conclusions arise from the analysis of the presented issues:

1. Social innovations are not only a buffer to the negative economic effects of a globalised market economy, they can help bring about specifics in a region, accentuate its strengths and accelerate the development of technological innovations by preparing the society to cooperate and use them in practice, creating new roles and values for various entities. Thanks to social innovation, a space of new values is opened, through the creation and configuration of the key potential of intellectual capital as well as its development and use to get a competitive advantage in the area. Reflecting on the concept of social innovation in the area of the labour market, one cannot question the different capacities of individual regions to the development measured by tangible and intangible factors, their size, structure, and quality.

The above conclusions refer to the issues raised by the concepts of “smart state”, “smart city”, and “smart growth”, requiring flexible and rapid development, which should be the result of changing management (AGHION, HOWITT 2009, p. 269–314, 2014, p. 913–926). Such a management change requires an adequate capacity conducive to innovation, which creates opportunities for the absorption of new technologies and agile changes in the future. This potential is embedded in intellectual capital, the size of the capital determines the importance of the development of the region.

2. We cannot forget that nowadays the hope for rapid growth of social innovation requires clusters, consortia, and networks, where the creation and development of essential roles are played by bottom-up initiatives. The basis of these activities is human and social capital constituting the main components of intellectual capital. It is necessary to create new sources of creating additional value for society, business, and consumers. We find also a big part of social innovations in the discovery and construction of various types of sources,

both internal and external. In solving regional problems, activities in the area of the labour market, which go beyond the capabilities of a single entity, there are necessary initiatives which integrate representatives of different backgrounds and sectors, taking the form of social innovations. There is a reciprocal influence, that is, the interaction between the physical attributes of individuals and institutions and a social innovation in the process of developing their concepts, ways, and means of its practical implementation.

Today, we witness the transformation of the process of social innovation into an integrated system and a network of cooperating organisations. The synthesis of these transformations are network models of social innovation, especially in this last version of the social networks in which innovations are seen as the result of joint research, the interaction between the company and other market participants and the learning process. The space for the development of social innovation should be social clusters in the form of a quadruple helix consisting of socially responsible corporate organizations.

3. In Poland, there is not a systematic approach to manage the knowledge concerning social innovations. The answer could be a system of diffusion of social innovation. The system's function would be to facilitate access to detailed knowledge via best implementation practices with regards to social innovations. At the same time, the system would be a kind of laboratory for new solutions in social policy that can be tested in practice. The effect of a social innovation diffusion system, an important element of which could be a cluster of social innovation, would be to improve the quality and number of implementations of social innovations that better solve social problems (SEMPRUCH 2012).

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PROBLEMS OF THE ELDERLY IN RURAL AREAS

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Key words: rural areas, senior citizens, population ageing, welfare, care services.

Abstract

This paper deals with issues related to aiding elderly people who reside in rural areas and who used to do jobs associated with agriculture. The main aim is to present the situation of senior citizens and to show the problems and needs of this group within the society. The main assumption of the study is that the needs of the elderly people who live in rural areas are different than those of senior citizens who live in towns.

The study was carried out using data obtained by a questionnaire survey, a literature review and subjective observations of the authors on the situation of the elderly and care opportunities available to them.

The study has provided data which can be used mainly to propose solutions aimed at improving the situation of the elderly. To this end, two surveys were conducted: one targeting senior citizens who live in rural areas and the other – people who work as a carer for an elderly person. For each survey, a sample of 80 respondents was singled out, and the study area included the communes of the Voivodship of Warmia and Mazury, i.e. Dobre Miasto, Lubomino, Pasłek and Stawiguda.

The data obtained from the surveys has been used to determine the level of needs for long-term or supplementary care for elderly people and to identify the main forms and type of aid based on the needs felt by a specific group. The findings have shown that such care can be arranged by employing carers performing services to elderly people.

PROBLEMY OSÓB STARSZYCH NA OBSZARACH WIEJSKICH

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Słowa kluczowe: obszary wiejskie, ludzie starsi, starzenie się społeczeństwa, pomoc publiczna, usługi opiekuńcze.

Abstrakt

Artykuł jest poświęcony tematyce dotyczącej pomocy osobom starszym zamieszkującym obszary wiejskie i związanym w przeszłości z rolnictwem. Celem głównym jest przedstawienie sytuacji seniorów oraz zaprezentowanie problemów i potrzeb odczuwanych przez tę grupę społeczną. Podstawowym założeniem pracy jest odmienna specyfika potrzeb populacji osób starszych zamieszkujących obszary wiejskie w stosunku do seniorów zamieszkujących miasta.

Pracę wykonano z wykorzystaniem danych otrzymanych w wyniku przeprowadzonych badań ankietowych, przeglądu dostępnej literatury przedmiotu oraz subiektywnych spostrzeżeń autorów artykułu dotyczących sytuacji osób starszych oraz możliwości zorganizowania im opieki.

Przeprowadzane badania pozwoliły na uzyskanie danych, które przede wszystkim umożliwią zaproponowanie rozwiązań mogących poprawić sytuację osób starszych. W tym celu przeprowadzono dwa badania, z których jedno skierowano do seniorów zamieszkujących obszary wiejskie, a drugie do osób, które podjęłyby się pracy w charakterze opiekuna osoby starszej. Do każdego badania wyłoniono próbę liczącą 80 respondentów, a obszar badań obejmował gminy województwa warmińsko-mazurskiego, tj. Dobre Miasto, Lubomino, Pasłęk, Stawiguda.

Uzyskane informacje pozwoliły na określenie poziomu zapotrzebowania na opiekę długoterminową bądź uzupełniającą przez osoby starsze na obszarach wiejskich oraz na wskazanie głównych form oraz rodzajów pomocy na podstawie potrzeb odczuwanych przez daną zbiorowość. Wyniki badań własnych pozwalają stwierdzić, że istnieją możliwości zorganizowania takiej opieki przez zatrudnienie opiekunów świadczących usługi wobec osób starszych.

Introduction

An observation of the current demographic trends in Poland reveals an increasing percentage of people past working age. This phenomenon has consequences, first and foremost, of an economic and social nature. The growing share of senior citizens in the population is due to the falling birth rate and the emigration of young people. With the average life expectancy on the increase and the projected continuation of that trend, some action needs to be taken. Senior citizens should have a way to actively participate in public life and improve their health and financial situation. The progressively ageing society presents a challenge primarily in terms of the social and economic policy due to the growing costs of adapting services to the individual needs of the elderly (KIJAK, SZAROTA 2013, p. 6–12).

The increasing percentage of senior citizens covered by the agricultural social security system puts an extra burden on the state budget because the number of people entitled to social benefits continues to grow. In the eyes of former farmers, pensions are their major source of income following retirement. In the light of the demographic situation of Poland and the current economy, the role of the social security system will soon resemble that of social assistance institutions. The benefits provided often prove insufficient to satisfy the needs of senior citizens, e.g. due to the increasing costs of medication or living expenses (KISIEL et al., p. 26, 32).

The United Nations defines senior citizens as people over the age of 65. That widely accepted threshold frequently serves to determine the retirement age, recently changed due to increasing life expectancy (CYBULSKI 2016, p. 11).

The main objective of social policy aimed at the elderly is to provide social security. The living conditions of senior citizens inhabiting rural areas tend to be considered inferior. Their accommodation frequently lacks amenities such as a bathroom, running water, central heating, etc. Simultaneously, senior citizens represent important human capital since they contributed to increasing the importance of agriculture as a sector with considerable impact on the condition of the national economy. In addition, farming remains the main source of income in many Polish households.

In order to secure their financial situation, elderly farmers often resort to applying for structural pensions, a benefit which enables their farms to continue operation. Eligibility conditions for structural pensions include transferring land to a successor or the Treasury. However, in the agricultural sector, people who reach retirement age do not necessarily stop working. They remain active, sharing knowledge with their successors and providing them with assistance (TRYFAN 2004, p. 127–129).

Legal Aspects of Supporting the Elderly

Providing senior citizens with care is a duty of the state and local authorities. Regulations enshrined in the Constitution of the Republic of Poland constitute a legal basis for taking action aimed at improving the situation of the elderly. Articles 32.1 and 32.2 of the Constitution stipulate as follows: “All persons shall be equal before the law. All persons shall have the right to equal treatment by public authorities. No one shall be discriminated against in political, social or economic life for any reason whatsoever”. Article 67 grants all citizens the right to social security upon reaching retirement age, the scope and forms of such security being specified by separate regulations. Articles 68.1 and 68.3 set forth that special health care for persons of advanced age shall be ensured by public authorities. According to the Constitution, all citizens enjoy the right to use medical care facilities and to receive services which improve their security and health condition. Thanks to their financial resources and business ventures, the state and local authorities are capable of solving social problems of the citizens living in their country (Konstytucja Rzeczypospolitej Polskiej z 2 kwietnia 1997 r., DzU z 1997 r., nr 78, poz. 483).

In 1991, the United Nations drew up a document entitled “United Nations Principles for Older Persons”. Though not legally binding, this document offers recommendations for respecting the rights of senior citizens. The recommendations reflect five aspects of social life, covering the following issues: independence,

participation, care, self-fulfilment and dignity. Their aim is to emphasise the importance of senior citizens for the national economy and the entire population. The UN recognises the discrepancies in the situation of senior citizens on the regional, national and global scale. Thus, it acknowledges the necessity to take different measures to address the needs of specific communities (*Zasady działania ONZ na rzecz osób starszych z 1991 r.*, online).

Another legal document regulating the existence of senior citizens in Poland is the Social Assistance Act of 12 March 2004. Although it does not provide separate regulations referring specifically to senior citizens, the Act outlines the tasks and goals of social policy. Article 11 sets forth detailed provisions related to social assistance and healthcare which could significantly improve the situation of senior citizens by providing services adequate to their health condition (Ustawa z 12 marca 2004 r. o pomocy społecznej, DzU z 2004 r., nr 64, poz. 593).

Supporting the elderly entails not only providing services, but also ensuring financial security. Upon attaining the retirement age defined by the law, senior citizens have the right to claim financial support in the form of a pension. The Agricultural Social Insurance Act, Article 16, sets forth that people eligible for those benefits include those who live on a farm or used to work in the agricultural sector (Ustawa z 20 grudnia 1990 r. o ubezpieczeniu społecznym rolników, DzU z 1991 r., nr 7, poz. 24).

The Situation of Senior Citizens in Rural Areas

In 2016, the number of people past working age (over the age of 65) reached 6.3 million in total, including 2.2 million in rural areas, as indicated by the information from the local data bank of the Central Statistical Office of Poland. The situation of senior citizens in rural areas is becoming increasingly difficult, particularly in terms of finances, which is a consequence of factors such as the growing costs of accommodation, utilities and medication.

Demographic problems in rural areas are related to the negative birth rate. Providing care for the growing percentage of seniors proves difficult for family members, the neighbourhood and the local authorities. This situation may be resolved with the introduction of systemic changes aimed at adapting local and governmental measures to the varied needs of senior citizens. Stays in care facilities are often not a viable option due to the substantial financial expenses required (PAWLEWICZ et al. 2014, p. 60, 61).

The society's ageing demographics in rural areas particularly afflict the social insurance system, healthcare, social assistance and policies for employment and education. The problems most commonly cited by senior citizens include: failing health conditions, disabilities, a precarious financial situation, discrimination and marginalisation. Those are the issues around which the

policy for the elderly in rural areas should be oriented. Senior citizens primarily become recipients of medical and nursing care or other community services which provides employment to people inactive in the job market (PRZYWOJSKA, PODGÓRNIAK-KRZYKACZ 2012, p. 239).

The problems of the elderly are particularly manifest in daily life. They stem from a deterioration in mobility which hampers full participation in both social and professional environments. Even though senior citizens in rural areas represent important human capital, they are frequently overlooked by the state. A review of initiatives targeted at this age group reveals their scarcity. In rural areas, the situation is particularly alarming, aggravated further by limited access to healthcare or other types of social assistance.

The number of available forms of support for the elderly offered by local authorities fails to measure up to expectations. Poor accessibility of care services results from the insufficient level of income earned by senior citizens and the condition of public community care services offered by local authorities. In addition, measures taken under the social assistance system and the healthcare system lack coordination. This additional hindrance keeps both systems isolated and makes it impossible to obtain information on people who are leaving short-term care facilities and require further assistance.

The accessibility of medical facilities constitutes another issue which aggravates the elderly's dissatisfaction with healthcare standards. Since medical or social assistance centres are frequently non-existent in rural areas, patients are forced to travel to towns located far away from their place of residence. Due to the limited mobility of senior citizens from rural areas, they usually depend either on the assistance of their closest relatives or on the often underdeveloped public transport (KRZYSZKOWSKI 2013, p. 14).

The accessibility of healthcare is mostly determined by the financial situation of senior citizens. Insufficiency of resources frequently prevents them from staying in specialised facilities and receiving rehabilitation services or medication. In addition, an observation of their living conditions reveals that senior citizens frequently have fewer appliances and installations than people of working age (PANEK et al. 2014, p. 134–136).

Senior Citizens in Rural Areas According to the Current Research

The survey covered the population of senior citizens in four municipalities located in the province of Warmia-Mazury (Warmińsko-Mazurskie). The study was carried out primarily in order to identify the form and scope of assistance required by the elderly.

The main problem encountered by senior citizens is the deficient healthcare system. Since health condition constitutes one of the key factors affecting

the quality and length of life of the elderly, we asked the respondents to assess it during the survey (Fig. 1). The breakdown of answers indicates that healthcare services provided to the elderly fail to meet their needs. 51.72% of respondents are dissatisfied with their health condition, assessing it as 'bad' or 'very bad'. The progressive ageing of the population causes an increase in the percentage of senior citizens and, thus, in the percentage of medical care recipients. Limited access to hospitals and other medical facilities proves unfavourable to senior citizens, who are frequently in a more precarious health condition than other age groups. Since the elderly are more vulnerable to diseases and other health conditions, they require specialised medical care. Therefore, their increased share in the population forces the state and local authorities to take measures and implement programmes aimed at improving the quality of medical services targeted at that social group. Figure 1 presents information on the health condition of the respondents.

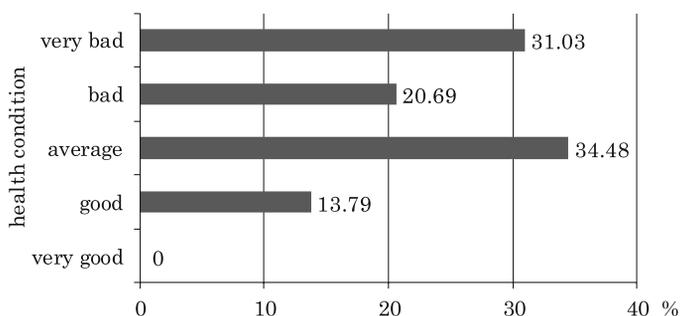


Fig. 1. Self-assessment of health condition by the respondents

Source: own research.

The subjective feelings of people past working age suggest that the support targeted at this social group is underdeveloped. This tendency seems particularly conspicuous in rural areas where the needs of senior citizens are frequently overlooked by local authorities. The authors' own research (Tab. 1) has identified the medical and nursing care system as an essential aspect that has to be improved, since up to 65.52% of the respondents expressed a willingness to receive that form of assistance. The respondents favourably view the prospect of being provided with support at home, considering it a less costly solution than staying in a specialised nursing home. A slightly smaller group (55.17%) expects support in the area of rehabilitation. Furthermore, some senior citizens (41.38%) feel the need to enjoy more human contact, e.g. in the form of a conversation. Information obtained in the study reveals that 41.38% of the respondents struggle to perform daily chores (cleaning, shopping, preparation of meals), primarily due to a deterioration in their physical condition.

Table 1

Types of assistance required (multiple answers allowed)

Type of assistance	Share (in %)
Medical and nursing care	65.52
Rehabilitation	55.17
Cleaning	44.83
Conversation	41.38
Shopping	41.38
Meal preparation	31.03
Nursing	20.69

Source: own research.

An overwhelming majority (as many as 95%) of the respondents are interested in home visits or long-term care provided in their place of residence. To receive such support, they need to employ people with adequate skills and predispositions for the job. Among potential caregivers, the largest group of respondents (24.14%) would prefer a person employed by the Agricultural Social Insurance Fund (KRUS). Employees of state-owned institutions inspire the greatest trust since they are considered to be highly qualified and experienced workers.

On the other hand, 20.69% of the respondents would employ a person supplied by an employment agency or 'another person', i.e. a family member, a friend, or a person recommended by the municipality. Another 18.97% would opt for care provided by people bearing recommendation letters, as references written by former employers constitute a source of information on the prospective employee. For fear of finding an incompetent person, only 15.52% of respondents would like to search for a caregiver on their own. The information regarding caregivers preferred by senior citizens is presented in Figure 2.

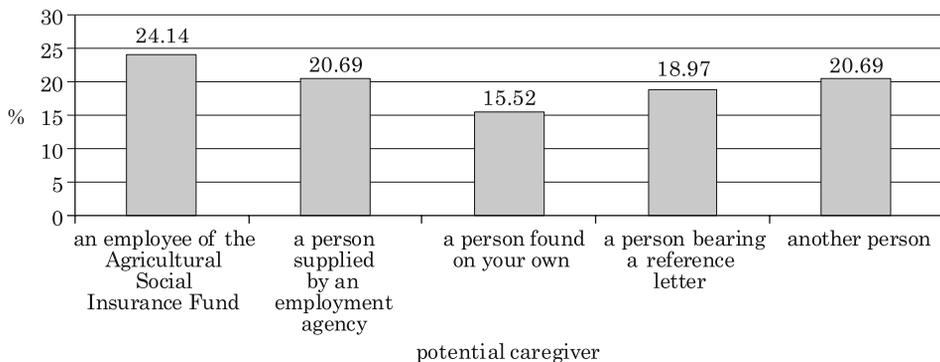


Fig. 2. Caregivers preferred by senior citizens

Source: own research.

Demand for Elderly Care and its Organisation in the Light of Own Research

To determine the viability of providing senior citizens with assistance, another survey questionnaire was designed aimed at people interested in becoming caregivers working with the elderly. The health condition of senior citizens continues to deteriorate with age, which causes difficulties in daily life. As life expectancy continues to grow, so does the number of the elderly in need of assistance and the demand for people able to provide them with care.

In the questionnaire, the respondents were asked if they would be prepared to acquire additional qualifications to become caregivers. The answers enabled us to gauge the interest in such a form of employment. Holding adequate qualifications is a prerequisite for becoming an elderly care worker. A majority of the respondents (66.67%) declared the willingness to participate in courses or training within the scope of providing care services. Consequently, arranging support at home would not only improve the situation of senior citizens, but also have a positive impact on the job market. The unemployed could complete necessary training and find jobs as caregivers.

In the eyes of prospective care workers, the best form of employment is a full-time employment contract, as indicated by up to 78.33% of the respondents. Its advantages include a stable, monthly salary and a sense of security. The fact that social insurance premiums are covered by the employer serves as an additional incentive. In addition, a full-time contract entitles workers to paid holiday leave and sick leave. The next preferred solution is self-employment, selected by 11.67% of the respondents. Running a private business allows more freedom in performing professional duties. In general, freelance workers make most decisions related to the manner of performing tasks themselves. Furthermore, 8.33% of the respondents opted for a so-called “contract of mandate” which essentially consists in defining the tasks and time limits for their completion. The respondents could also indicate a different form of providing the elderly with care services. The options included volunteering, selected by 1.67% of the respondents. Volunteering involves cooperation between a volunteer and an institution or a public organisation. Characteristically, the services provided by volunteers are unpaid. Volunteering is not a form of employment in accordance with the law. However, the tasks it entails fall within the scope of non-profit activity. In addition, upon meeting certain requirements, the volunteer and the organisation in question could conclude an employment contract. Volunteers can also gain protection against chance events by obliging the public institutions for which they work to provide them with insurance. The forms of employment preferred by prospective caregivers are presented in Figure 3.

The survey questionnaire targeted at prospective caregivers included a question on the expected pay (taxes included in all amounts). However, please note

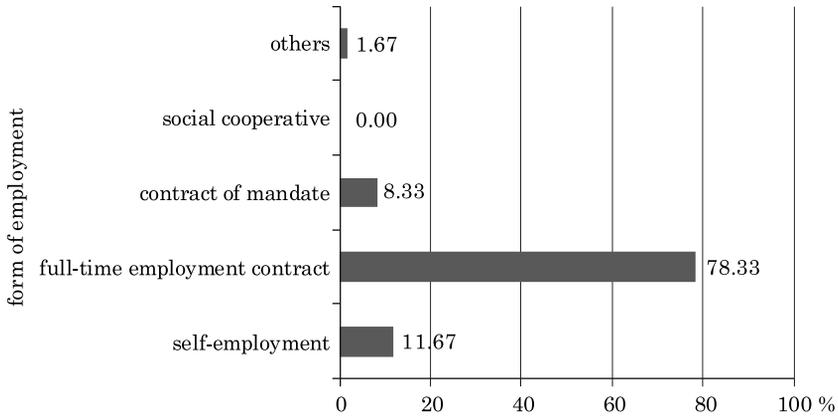


Fig. 3. Forms of employment preferred by prospective caregivers

Source: own research.

that the remuneration hinges on the form of employment, hours worked and the scope of duties. Up to 55% of the respondents would require a salary in the amount of PLN 2,000–3,000. The average remuneration of a caregiver working with an elderly citizen falls within this range, amounting to PLN 2,160. A slightly smaller group of respondents (38.33%) expected to be paid more than PLN 3,000. Only 6.67% of the respondents indicated PLN 1,000–2,000 as satisfactory remuneration.

Conclusions

The problems and needs of senior citizens living in rural areas are becoming increasingly conspicuous. Population growth projections show that the percentage of people past working age will continue to increase, which requires initiatives aimed at improving their situation. The demographic changes cannot be overlooked. The policy for the elderly needs to be adapted to their needs, and it needs to take into account criteria such as place of residence and former occupation.

The information obtained in the course of our research, a review of the available literature on the subject and subjective observations on the situation of the elderly in rural areas, indicate the following:

The system of medical care addressed to senior citizens is inefficient. The problem mostly affects patients living in rural areas, where the accessibility of healthcare is largely limited. The foregoing is confirmed by the statistics: as many as 51.52% of the respondents gave a negative assessment of their health condition. Consequently, there is a need for immediate intervention in the area of healthcare, particularly as patients who attained retirement age present

a higher vulnerability to diseases and other health conditions, thus requiring consultation with qualified medical practitioners.

Senior citizens feel the need to receive home visits or long-term care in their place of residence. This assistance should be focused on increasing their sense of autonomy, security and comfort in their own homes, often during daily chores. Its provision would decrease the demand for services rendered by nursing homes.

Senior citizens in rural areas frequently cannot benefit from medical and nursing services deemed necessary for their health condition. Considering the needs felt by 65.52% of the respondents, the introduction of preventive measures within the scope of medical and nursing care should become the focal point of future policies.

The growing percentage of senior citizens in need of assistance at home creates a demand for employees to provide the elderly with care. Up to 66.67% of the respondents showed an interest in working with senior citizens in the capacity of caregivers.

One of the hardships experienced by senior citizens in rural areas is the absence of the means to remain active. The elderly need specific measures to allow them to fully participate in the social and professional life of their regions.

Senior citizens who live in rural areas and were formerly involved in the agricultural sector represent human capital which has been instrumental in increasing the importance of agriculture for the national economy. By modernising farms and introducing agricultural products to new, distant markets, former farmers contributed to economic growth. Currently, we need measures to support them, satisfy their basic needs and improve their social life. While designing care programs targeted at the elderly, the emphasis should be placed on adapting the forms and types of assistance to the individual needs felt in individual cases.

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FUEL POVERTY – A NEW CHALLENGE FOR SOCIAL POLICY?

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Key words: fuel poverty, poverty measures, energy benefit.

Abstract

The article presents a multi-faceted problem of energy or fuel poverty. This issue is still poorly recognised in Poland, although it is estimated to affect at least 17% of the Polish population, who find it difficult to maintain a comfortable temperature at home or to pay bills for heating their households. Besides the thermo-modernisation of residential buildings and the promotion of appropriate attitudes to energy consumption, another approach to combating energy poverty involves economic support in the form of energy allowances awarded to households identified as “vulnerable energy consumers”. This paper presents the extent of support given to households in Olsztyn in 2014-2015.

UBÓSTWO ENERGETYCZNE – NOWY PROBLEM DLA POLITYKI SPOŁECZNEJ?

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Słowa kluczowe: ubóstwo energetyczne, miary ubóstwa, dodatek energetyczny.

Abstrakt

W artykule zaprezentowano wieloaspektowy problem ubóstwa energetycznego. Zjawisko jest słabo rozpoznane w Polsce, choć według szacunków dotyczące co najmniej 17% populacji Polski, dla której problemem jest utrzymanie w domu komfortowej temperatury czy też opłacenie rachunków

za ogrzewanie. Jedną z metod ograniczania ubóstwa energetycznego – obok termomodernizacji budynków mieszkalnych i kształtowania właściwych postaw podczas korzystania z energii, jest ekonomiczne wsparcie gospodarstw domowych, określonych mianem „odbiorców wrażliwych” dodatkiem energetycznym. Przedstawiono zakres pomocy gospodarstwom domowym w Olsztynie w latach 2014-2015.

Introduction

Fuel poverty refers to difficulties in satisfying basic energy needs at one's home. Energy supply requirements have a material as well as a social dimension, and the inability to satisfy one's demand for energy is associated with material deprivation and social exclusion. Energy deficient households are defined as ones which are not only in a difficult economic situation, but are also excessively burdened with energy costs. On the one hand, problems may arise while keeping one's home warm (well lit, with sufficient energy for cooking, etc.). On the other hand, due to the high costs of power supply, a household may be forced to economise on expenses allocated to other basic needs.

Although fuel poverty as a problem is gaining a growing interest, it has not been fully recognised across all the European Union or in individual member states. The issue was first raised in the United Kingdom, where studies were implemented in the 1970s on the extent and causes of fuel poverty as well as measures that could be implemented to reduce it. The UK is the only country that has a legal definition of fuel poverty (FIGASZEWSKA 2009, MIAZGA, OWCZAREK 2015, p. 2). FIGASZEWSKA (2009, p. 6) estimates that between 50 to 125 million people are stricken by energy poverty in Europe. These figures may grow as energy prices increase. In Poland, the problem of energy poverty still awaits deeper investigation and remains underestimated in terms of its scale and the need to counteract it. The first official attempt to deal with this problem in Poland was undertaken in 2013, when the amended *Energy Law* introduced the term of a vulnerable energy consumer, while the draft of *Poland's Energy Policy until 2050* included the concept of fuel poverty. However, both of these definitions are incomplete and need much more precise rephrasing.

Thus, the aim of this article has been to present the question of fuel poverty, i.e. measurement methods and the severity of fuel poverty relative to revenue poverty. Ways of limiting energy poverty have been suggested. Special attention has been drawn to a new benefit, known as an energy allowance, which households in Poland have been eligible to claim since January 2014. Data on the support given to energy poor households in Olsztyn in 2014-2015 have been collated.

Poverty Versus Fuel Poverty – Definitions and Measures

The idea of “poverty” is well understood and has been thoroughly analysed in social policy research. In the simplest words, poverty is defined as a permanent shortage of financial means for securing life needs, as a result of which both individuals and whole social groups are forced to live at or below the minimum living standard. Poverty poses a threat to the achievement of one’s goals and aims (Katolicka Nauka Społeczna, online). Both in everyday language and in the specialist literature, several notions are used interchangeably: poverty, impoverishment, destitution, critical life situation, social degradation, social deprivation, and marginalisation. This linguistic diversity indicates the inherent ambiguity of poverty, which is a complex and multi-faceted phenomenon. Poverty comprises both quantitative aspects (e.g. a household’s income rate) and qualitative ones (other indicators of one’s material position, e.g. being in possession of certain material goods, having access to such goods as education or health services). It is difficult to find a single, unambiguous criterion that would identify a given household as a poor one (GIERESZEWSKA, ŁOPATO 2009, p. 240). The scale of poverty is estimated with the Poverty Risk Index, based on research into household budgets. The Poverty Risk Index is computed for variously defined economic poverty thresholds. It assesses the percentage of persons in a household with expenses below:

- the existence minimum,
- the relative poverty threshold,
- the official poverty threshold.

The “existence minimum” category was developed in line with the method of basic needs. This is the threshold of economic poverty corresponding to a living standard below which one’s biological life and development is endangered (KUROWSKI 2015, after DENISZCZUK, SAJKIEWICZ 1997). Satisfying needs on this level and within this material scope can only ensure survival, and thus the lower threshold of poverty is determined. The relative poverty threshold is defined as a sum that equals 50% of the mean monthly expenditure of households. The official poverty threshold is the total income which, compliant with the current act on social welfare, entitles one to apply for monetary support. The range of income poverty is constantly analysed and monitored (Fig. 1).

A slight decrease in values of the extreme poverty index and relative poverty index was observed in 2015. One in 15 persons in Poland experienced extreme poverty, while nearly every sixth person was exposed to relative poverty (ca 7% and 16% of persons in households, respectively). The official poverty index remained stable in 2014-2015, reaching the value of ca 12%. Persons living in households that derived incomes from so-called non-salary sources were in the most difficult position (the extreme poverty rate among these persons was about 18%). Persons living in farming households (ca 15%) and households with most income originating from ill-health pensions (ca 12%) were at a risk higher than

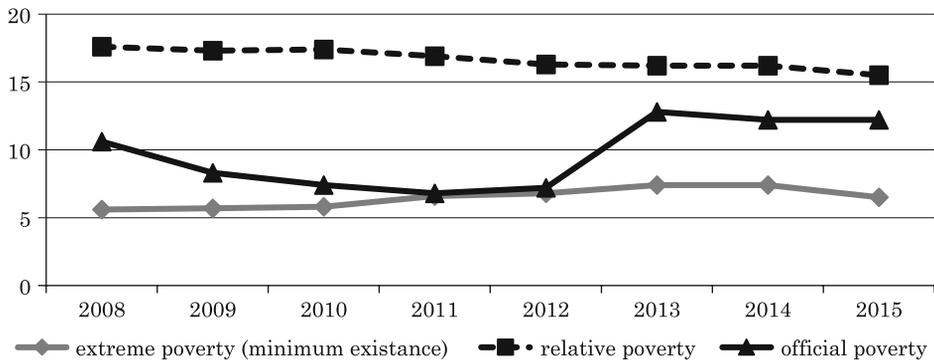


Fig. 1. Rates of poverty in Poland in 2008-2015, according to the poverty thresholds adopted in each year as a percentage of persons per household

Source: the authors, based on data from the *Zasięg ubóstwa ekonomicznego w Polsce w 2015 r.* (2016).

average of being poverty stricken. Irrespective of the type of households, multi-children families were at the highest risk of being poor. In 2015, one in eleven people in households with both parents and 3 children and one in six living in households with both parents and 4 or more children lived below the minimum existence level. Those who lived in single-parent families were in a relatively better situation. The extreme poverty risk rate for single-parent families was barely 7% (GUS, online).

According to SZPOR (2016, p. 4), it is incorrect to assume that energy poverty is a simple consequence of low income, and to apply this assumption in the search for a solution to the problem of fuel poverty is also incorrect. On the contrary, fuel poverty arises from specific conditions which significantly affect the successful prevention of the problem. Fuel poverty is a multi-faceted issue, pertaining to such areas as economy, sustainable development, health, social matters, environmental protection and housing development (Fig. 2).

Fuel poverty occurs when we find it difficult to maintain a comfortable temperature at home, to pay heating bills, to have a faulty heating system repaired or to have a new one installed, or if our flat or house is persistently cold and damp, which makes the residents fall ill (*Fuel Poverty Action Guide* 2015, p.5). However, fuel poverty is more than the lack of comfort due to an inadequate temperature at home or trouble heating water and keeping a home well lit, not to mention the use of such basic household appliances as a fridge, washing machine, gas or electric cooker, radio, television, computer and the Internet. The term 'fuel poverty' means the lack of access to energy understood as electricity, heating and gas; mostly due to financial problems, but additionally it encompasses one's inability to pay bills, to refurbish energy installations at home or to buy new systems or equipment (STĘPNIAK, TOMASZEWSKA 2013, p. 6).

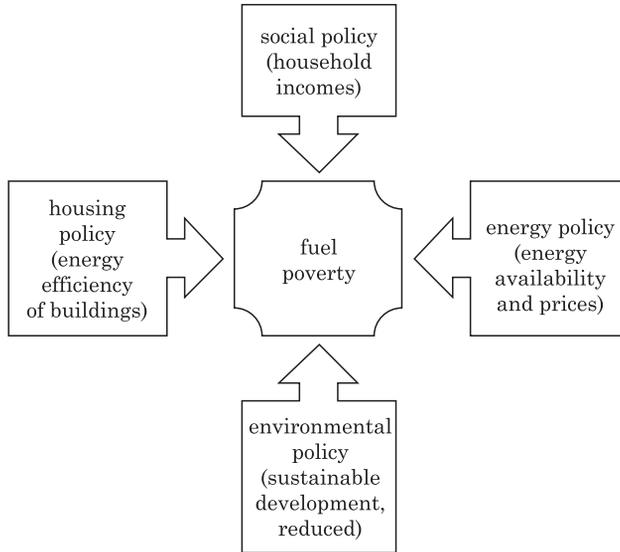


Fig. 2. Areas and policies affecting the problem of energy poverty

Source: the authors, based on PYE, DOBBINS (2015, p. 1-8).

UN-HABITAT (The United Nations Human Settlements Programme – a UN agency) assumes that difficulties in satisfying basic needs of a household with respect to the access to energy needed for cooking, heating and lighting as well as protecting one’s home from cold, dampness and heat, are a barrier to attaining the minimum housing standards (known as adequate housing), and an obstacle to the sustainable development of human settlements (OWCZAREK, MIAZGA 2015, p. 6). Fuel poverty refers to a shortage of both heat and electric power. It is connected directly with energy consumption (its amounts and types), production (energy carriers from which it is derived) and distribution (energy companies). Difficulties in satisfying energy needs may arise from an inadequate development of the power infrastructure, housing infrastructure (for example, a lack of thermo-insulation, or antiquated household appliances) as well as the consumers’ insufficient awareness of how energy should be used rationally. Experiencing difficulties in covering expenses incurred by keeping one’s home warm and other energy expenditures, such as energy for cooking or lighting, can lead to adverse health-related consequences. Fuel poverty affects the physical health of children, who suffer from decreased immunity, respiratory tract diseases, and inadequate weight gain. Adults and adolescents have been observed developing mental disorders: stress, anxiety or a depressed emotional state. In extreme cases, lowered temperatures can cause death (LIDDELL, MORRIS 2010, p. 2987–2997).

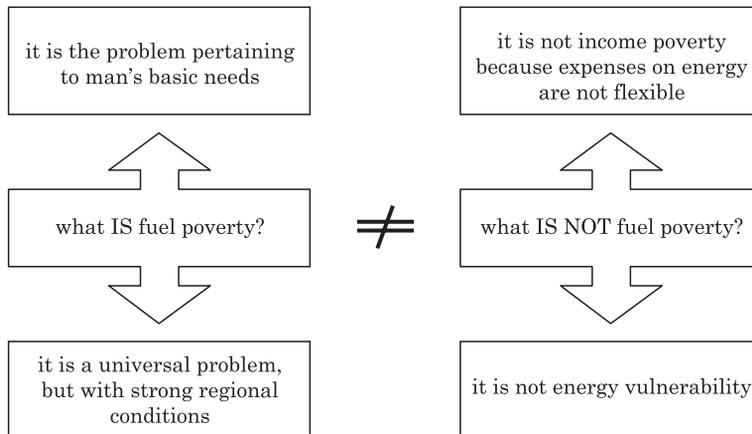


Fig. 3. Energy poverty – what it is and what it is not

Source: the authors, based on SZPOR (2016, p. 11).

An objective measure applied to fuel poverty is the relationship between a household's income and its expenditure on energy. In turn, a subjective measure is the declared discomfort caused by the temperature in a flat or house and possibly its dampness, or by problems paying for energy bills. Objective measures in research on fuel poverty are involved in both an absolute and a relative approach. In the absolute approach, the minimum energy needs threshold of households is determined, and afterwards the percentage of households below this level is identified. In the UK, the absolute fuel poverty threshold has been assumed to equal 10% of income, i.e. all households where hypothetical spending on energy exceeded 10% of income are energy poor. All expenses related to energy consumption at home were taken into consideration, which included not only heating but also water heating, cooking, lighting and the use of electric appliances. However, the cost of transport, i.e. fuel for cars and other vehicles, are excluded (DĄBROWSKA, STĘPNIAK 2014, p. 4). MIAZGA and OWCZAREK (2015, p. 7) claim that the 10% threshold in Poland is inappropriately low because of the average energy expenses being higher than in the UK. In 2003-2013, they oscillated around 10%, while in the UK they equalled around 4% of the total available revenue. Should the 10% threshold be adopted in Poland, nearly half the population of our country would be considered energy poor. Thus, the authors propose a threshold of 13% of the household's income¹. The relative approach

¹ The 10% threshold, which is adequate for the UK, has been determined in conformity with two arguments. One is the fact that the first three deciles of poor persons actually spent over 10% of their income for energy. Secondly, it has been agreed that the expenses for energy bills are not excessively high if they equal double the median for all households. For Poland, the above threshold has been decided to be too low because the average expenses for energy bills over the last decade have approximated 10%, whereas the curve of expenses for energy does not demonstrate visible drops between individual income deciles. The 13% threshold is more reliable for Poland,

involves a selection of a parameter (or a combination of parameters) which will demonstrate energy poverty in a given population, after which a group characterised by the lowest level of the adopted parameter relative to the remaining population is identified. The most popular measure used in research on fuel poverty is the LIHC, i.e. the Low Income High Costs, which was first proposed in the UK in 2013. This approach allows researchers to classify a household as being threatened with fuel poverty if it meets two conditions: the cost of energy exceeds the average cost for this type of household, and – once this cost is covered from the household’s budget – the remaining income pushes the household below the official poverty threshold (DĄBROWSKA, STĘPNIAK 2014, p. 4).

The scale of energy poverty in Poland according to the above measures is presented in Table 1. In light of the definition of absolute fuel poverty with the threshold of 13% of a household’s income, as proposed by MIAZGA and OWCZAREK (2015, p. 13), energy poverty affected 32.4% of the Polish population (12.7 million people) in 2013. Should the original British threshold of 10% be applied, then the percentage of energy poor Poles would increase to 44.4% of the general population (17.2 million people). The relative energy poverty definition is less sensitive to a change in the threshold. Energy poverty according to the LIHC relative definition affected 17.1% of the Polish population (6.44 million people) in 2013. From the viewpoint of deprivation caused by fuel poverty and the creation of instruments of support, the energy poverty level identified in the relative approach is more adequate than the very high percentage achieved using the absolute definition (32.4%).

Table 1

Scale of fuel poverty in Poland in 2013

Specification	Fuel poverty in Poland according to the following definitions		
	absolute “10% of income”	absolute “13% of income”	LIHC relative
Percentage of persons in households	44.4%	32.4%	17.1%
Number of persons	17.2 mln	12.7 mln	6.44 mln

Source: MIAZGA, OWCZAREK (2015, p. 13).

In their research, MIAZGA and OWCZAREK (2015) emphasise that the way in which energy poverty is measured not only results in different severity scales of this problem in Poland but also suggests different characteristics of households and houses that are statistically most strongly associated with the risk of being affected by fuel poverty. Households at the highest risk are single-person

even though it is the result of a technical correction of the average derived from a limited database. The number of energy poor persons estimated according to this threshold is also more acceptable from the standpoint of possible redistribution mechanisms (SZPOR 2016, p. 9).

ones according to the absolute definition based on the 13% threshold level, and single-parent families and married couples with two or more children in line with the LIHC relative definition. With respect to the demographic structure of households, SZPOR and LIS (2016, p. 8), based on data originating from the *Studies on Household Budgets* (GUS), conclude that fuel poverty most often strikes single parents, couples with one child, pensioners and persons living on social benefits. Both definitions indicate that energy poverty is more frequent among persons living on incomes other than salaries and wages, especially those living on benefits and social care allowances, and that fuel poverty is more common in villages. No significant differences appear between the two definitions with respect to the characteristics of flats or houses. Energy poor individuals most often live in detached or terraced single-family houses. This feature has the strongest influence on the level of fuel poverty. Most of these houses were built before World War Two or in between 1946-1960. Fuel poverty is most frequent among people who heat their dwellings with electric stoves or gas furnaces. When the LIHC definition is applied, more persons at risk of energy poverty use local central heating systems. The choice of an approach to measure fuel poverty has little effect on regional differentiation. Energy poverty is more frequent in the provinces located in south-eastern Poland: lubelskie, świętokrzyskie, małopolskie and podkarpackie (according to the relative LIHC definition: 21-29% of energy poor persons in 2013). The problem is the rarest among populations of the provinces of north-western and south-western Poland: pomorskie, zachodnio-pomorskie, śląskie and dolnośląskie (according to the LIHC definition: 8-12% of energy poor persons in 2013). To some extent, the high percentage of energy poor persons in south-eastern Polish provinces is caused by the harsh climate coupled with a higher rate of income poverty in the south-east of Poland (MIAZGA, OWCZAREK 2015, p. 2–21).

Fuel poverty, however, cannot be equated with income poverty, although to a certain extent both affect the same households. The low correlation coefficients between income poverty and fuel poverty, defined in both absolute measures (the correlation coefficient around 13-16%, depending on the definition of income poverty) and relative ones (the correlation coefficient around 15-20%) substantiate the lack of equation. Among the fuel poor persons according to the relative LIHC definition, only 33% are also income poor as identified by the relative measure. The overlapping of fuel poverty according to the 13% income definition and income poverty in the official definition is even lower – about 20% of energy poor are also income poor persons. Fuel energy can be treated as a dimension of social exclusion in the sense of difficulties in satisfying income and non-income needs, leading to social marginalisation of individual persons or households (MIAZGA, OWCZAREK 2015, p. 17, after PANEK 2008).

Economic Instruments for Preventing Fuel Poverty

Most fuel poverty researchers (WEGLARZ et al. 2014, p. 9, SZPOR, LIS 2016, p. 8, STEPNIAK, TOMASZEWSKA 2013, p. 16) suggest that the key determinant of fuel poverty, beside low incomes, is the type of occupied residential dwelling. Accordingly, three types of action in response to the problem of fuel poverty are distinguished (WEGLARZ et al. 2014, p. 9):

- actions directed at solving the technical problem: thermo-modernisation of buildings, replacement of high energy consumption appliances etc.;
- actions directed at solving the economic problem: support given to households at risk of energy poverty, to help them deal with the current expenses for energy;
- actions directed at solving the problem of attitudes to efficient energy consumption (in the cognitive, behavioural and emotional aspect): educational action to raise the knowledge and know-how of using energy-powered appliances, and to provide information needed when selecting and purchasing energy-efficient appliances, including the modernisation and use of heating systems.

With respect to the first type of action, i.e. mechanisms whose aim is to improve the technical state of buildings, all that the legal system in Poland provides today is a scheme supporting thermomodernisation and house repairs, implemented in line with the Act of 21 November 2008 on Support for Thermo-modernisation and Refurbishments. The second group of action, i.e. the ones designed to solve the economic problem, includes mainly housing benefits and energy benefits. The Act of 26 July 2013 on the Amendment of the Energy Law and Some Other Acts incorporated into the Polish legal system the notion of a vulnerable energy user of electric energy and gas fuels, which is approximate to the concept of a person affected by fuel poverty. However, it should be emphasised that the vulnerable energy consumer was defined via a reference to people who collect housing benefits. Both housing and energy benefits are intended to help individuals who are in a difficult financial situation to cover the costs of housing (WEGLARZ et al. 2014, p. 10).

The idea of housing benefits envisages public support to maintain flats or houses, irrespective of their status, if an eligible person alone is unable to cover costs incurred by the maintenance of a home (DZICZEK 2012, p. 199). The Act of 2 July 1994 on the Housing Rental and Housing Benefits marks the beginning of the housing benefit. The housing benefit was intended to perform several functions. First, it was to support families who lived in hardship. The Act was to protect them from the adverse effects of rapidly rising rents, while most of the revenue obtained from higher rents was expected to be allocated to repairs and maintenance of depreciated buildings. The Act on Housing Benefit, which remains effective until this day, was passed several years later, on 21 June 2001. The housing benefit is a generally available and periodic cash benefit payable

in compliance with the regulations of the Act and intended to help eligible claimants cover costs incurred by the occupancy of a flat or house. The housing benefit has several distinguishing properties:

- it is an obligatory benefit awarded to an eligible claimant in the sense that any person who fulfils the legal conditions has a right to demand to be paid the benefit;

- it is a generally available benefit, i.e. it is awarded to eligible claimants regardless of their legal title to the occupied flat or house, with certain exceptions specified in the Act;

- it is a periodic benefit, awarded for a specific period of time (6 months) and afterwards re-awarded if the legally defined conditions continue to be fulfilled.

The housing benefit is a benefit granted to applicants by administrative decision, once their eligibility has been verified (MANJURA-NIŚKIEWICZ 2011, p. 13–17). The criteria of eligibility are: a legal title to a flat or house, the family's income and the occupied floor space. In 2015, 4.4 million housing benefits adding up to a total sum of 894.44 mln PLN were paid in Poland. The main beneficiaries of this form of social welfare were tenants in council houses (41%) and in housing cooperatives (26%) (Bank Danych Lokalnych, online).

Due to the lack of data for the whole of Poland regarding the amount of public support given in the form of energy benefits, this question has been presented using the town of Olsztyn as an example. The flat-rate annual energy benefit equals no more than 30% of the product of electric energy consumption and the average price of electric power for the end-user of this energy (a household), announced by the President of the Energy Regulatory Office no later than on 31 March each year. According to the Notice of the Minister of Economy, dated 22 April 2016 and regarding the amount of a flat-rate energy benefit for the period of 1 May 2016 until 30 April 2017, the energy benefit in this time period was:

- for single-person households – 11.29 PLN/monthly,
- for households of 2 to 4 persons – 15.68 PLN/monthly,
- for households of at least 5 persons – 18.81 PLN/monthly.

The office responsible for awarding energy benefits is the Department of Housing Benefits at the Social Welfare Centre in Olsztyn, pursuant to resolution number XLVII/767/13 of the Council of Olsztyn, dated 27 November 2013 and regarding the authorisation granted to the Director of the Social Welfare Centre to process applications and issue decisions with respect to the flat-rate energy allowances. The task is classified as lying in the scope of tasks performed by the state government administration. The employees of the Department of Housing Benefits at the Social Welfare Centre received 1,957 applications for flat-rate energy allowances between 1 January 2014 and 31 December 2015. Based on the submitted applications, 1,919 decisions to grant energy benefits were issued (Tab. 2).

Table 2

Issued decisions regarding housing and energy benefits at the Social Welfare Centre in Olsztyn

Specification	2014	2015
Issued decisions regarding housing benefit	5,185	4,895
Issued decisions regarding energy benefit:	768	1,151
for one-person households	241	443
for two- to four-person households	439	605
for households with 5 and more persons	88	103

Source: reports on the actions of the Social Welfare Centre in Olsztyn in 2014 and 2015.

The number of households which are paid energy benefits has been growing steadily, despite the decreasing number of decisions concerning housing benefits. Over 90% of the total amount of energy benefits is paid to small households (4 persons at the most). This agrees with the studies of MIAZGA and OWCZAREK (2015) as well as SZPOR and LIS (2016), who suggest that small households are most vulnerable to fuel poverty and are in need of support.

Summary

Fuel poverty in Poland is a relatively new concept, which awaits broader recognition and a precise definition, so that the support inscribed in public policy could respond adequately to the actual risk. Positive trends were initiated by the introduction of the concept of a ‘vulnerable energy consumer’, which attests the eligibility of households to apply for an energy benefit. Despite a certain ‘novelty’ of this problem in Poland, instruments and programmes have already been designed with a view to reducing fuel poverty, although the competences are delegated, in various scopes, to different ministers: the Ministry of Energy, the Ministry of Infrastructure and Construction, and the Ministry of Development. However, it seems that the leading role should be played by the Ministry of Family, Labour and Social Policy, which – through the Social Welfare Centres responding to communal authorities – has the actual capacity to recognise the scale of the problem and offer help to local communities. Reducing the extent of fuel poverty can also diminish the scale of income poverty and therefore prevent social exclusion.

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FISCAL POLICY AND REGIONAL BUSINESS CYCLES IN POLAND

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Key words: fiscal policy, business cycle, region.

Abstract

The aim of this paper is to evaluate the adequacy of discretionary fiscal policy, implemented at the national level, on the course of regional business fluctuations in Poland. Research is conducted as follows: identification of regional business cycles, identification of national fiscal policy as restrictive or expansive, and comparison of fiscal policy adequacy and phases of regional business cycles. In order to separate a cyclical factor from the empirical data, the Christiano-Fitzgerald asymmetrical filter was exploited. The character of discretionary fiscal policy was evaluated on the basis of cyclically adjusted primary balance, as well as positive or negative output gap. The empirical results show that fiscal policy is not always cyclically appropriate for all 16 Polish regions. The reason for this is divergence among Polish regions both in the matter of regional business cycle morphology, and in the aspect of phase shifts.

POLITYKA FISKALNA A REGIONALNE CYKLE KONIUNKTURALNE W POLSCE

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Słowa kluczowe: polityka fiskalna, cykl koniunkturalny, region.

Abstrakt

Celem artykułu jest określenie adekwatności dyskrecjonalnej polityki fiskalnej realizowanej na szczeblu ogólnokrajowym do przebiegu wahań koniunkturalnych w ujęciu regionalnym w Polsce. Agenda badań jest następująca: identyfikacja regionalnych cykli koniunkturalnych, określenie

charakteru polityki fiskalnej (ekspansywna, restrykcyjna) i odniesienie jej do konkretnych faz cyklu w ujęciu regionalnym. Do wyodrębnienia czynnika cyklicznego z danych empirycznych wykorzystano asymetryczny filtr Christiano-Fitzgeralda. Charakter dyskrecjonalnej polityki fiskalnej określono na podstawie rocznych zmian pierwotnego salda budżetowego wyrównanego cyklicznie oraz dodatniej lub ujemnej luki produktowej. Jak wskazują wyniki badań, charakter polityki fiskalnej nie zawsze odpowiada przebiegowi wahań koniunkturalnych w ujęciu regionalnym w Polsce. Wynika to z rozbieżności cykli regionalnych, zarówno pod kątem ich budowy morfologicznej, jak i lokalizacji punktów zwrotnych.

Introduction

The objective of the state's macroeconomic policy is to create material and systemic fundamentals for a high rate of economic growth and to achieve higher competitiveness of the economy (WŁODARCZYK 2016, p. 559–568). Fiscal policy is, next to monetary, one of the two basic tools of macroeconomic management of the national economy. Fiscal policy can promote macroeconomic stability by sustaining aggregate demand and private sector incomes during an economic downturn and by moderating economic activity during periods of strong growth. The stabilising function of fiscal policy operates by two ways. One of them is so-called “automatic fiscal stabilisers”. These work through the impact of economic fluctuations on the government budget and do not require any short-term decisions by policy makers. Business cycle stabilisation can also result from discretionary fiscal policy-making, whereby governments actively decide to adjust spending or taxes in response to changes in economic activity.

As automatic stabilizers are inherently anti-cyclical, they are therefore excluded from the research. The objective of the research solely relates to the effectiveness of discretionary fiscal policy.

While the nationally-conducted fiscal policy is relatively well adjusted to the changes in overall economic activity in the country, the same is far from certain when its impact on particular regional economies is concerned. After studying the literature, a thesis can be formulated that particular regions in Poland have their own distinctive business cycles (see WARŻAŁA 2015, p. 157–169, 2016).

The purpose of this paper is to evaluate the adequacy of discretionary fiscal policy, implemented at the national level, on the course of regional business fluctuations in Poland. To do this, a research hypothesis was put forward, i.e. discretionary fiscal policy conducted on the national level in Poland is cyclically inadequate to the regional business fluctuations.

Discretionary Fiscal Policy in Theory – Literature Review

At present, there is no consensus among economics schools over economy stability and instability. The assumption about the long-term stability of the economy is characteristic for such schools as classical economics, monetarism, new classical macroeconomics or real business cycle school. By assumption long-term stability, the task of the state would be mainly to increase the efficiency of the economy, which would lead to a shorter period of recovery. The assumption of economic instability is characteristic of different varieties of Keynesianism, the New Keynesian economics, complexity economics, and econophysics. With this assumption, government policy is needed to restore equilibrium in the economy and correct deviations (JAKIMOWICZ 2012, p. 13, 14).

In stabilization policy, fiscal policy plays a special role (WERNIK 2014, p. 155–159). A particular increase in interest in fiscal policy is evident after the financial crisis that began in 2007 (*Fiscal Policy after the Financial Crisis* 2013, LUBIŃSKI 2015, p. 5–26).

Fiscal policy can work in two general ways to stabilize the business cycle. One way is through automatic stabilizers. The active use of discretionary fiscal measures is often promoted as a countercyclical tool. The passive fiscal policy is related to the sensitivity of some budget expenditure and revenues to changes in economic activity, hence the cyclical deficit is independent of the current policy-makers decisions (see KRAJEWSKI 2013, p. 148–150, OWSIAK 2002, p. 239). Stabilization of the economy may also result from discretionary fiscal policies, whereby governments are actively seeking to adjust expenditures or taxes in response to changes in the level of economic activity. Changes in the structural balance are used as a measure of discretionary fiscal policy (CHALK 2002, p. 4–21, JÓZEFIAK et al. 2006, p. 89).

The structural balance is also called a cyclically adjusted budget balance (CAB). Structural deficit is a hypothetical value that speaks of the size of the budget balance in case of full utilization of all production factors, so if potential economic growth is achieved. The CAB (cyclically adjusted budget balance) approach assumes that the economy does not normally operate under full utilization of the factors of production, adopts the concepts of the mid-cycle budget (MIKLASZEWICZ 2012, p. 43).

Structural deficit is not a perfect measure of discretionary fiscal policy, as it may be influenced by non-cyclical changes of an autonomous nature (WOJTYNA 2003) and the structural shocks independent of fiscal policy (CHALK 2002). Despite these reservations, it is a better indicator than the unadjusted deficit, that the European Commission adopted, that the assessment of fiscal policy should be based on the size of the structural balance of public finances (*Communication from the Commission...* 2002).

In Poland, as in other European countries, there are restrictions on active fiscal policy in the form of budgetary rules (JÓZEFIAK et al. 2006, p. 13–83, KOTLIŃSKI 2013, 2015, p. 175–190). Active fiscal policy is characterized by a long decision-making period. Delays between the period during which the fiscal stimulus should be applied, and the period in which it actually affects the economy, may lead to the procyclical impact instead of anti-cyclically.

Regional Business Cycles – Literature Review

Most theoretical studies try to provide the theoretical underpinnings of the similarities between regional and nationwide economic fluctuations. Some researchers indicate that an entire country's business cycle is the result of cyclical changes in the various regions. On the other hand, this aggregated approach to the analysis of business cycles eliminates from the study characteristics of the different regions of the country, and thus, limit the state of knowledge on the characteristics of the course of cyclical fluctuations in regional terms. Gerald CARLINO and Keith SILL (2001) show that there is a strong divergence of cycles run in the regional and national cycle (based on cyclical changes in real income growth). There are also some indicators presented in the literature examining the convergence rate of individual region's components (CRONE 2005).

Generally, there are two streams of views on international and interregional effects of deepening economic integration in the literature. The first supports the idea that economic integration leads to symmetrical changes, which in turn leads to more synchronized business cycles in terms of both national and regional levels (MARELLI 2006, BARRIOS, LUCIO 2003). The second concept is derived from the work of Paul KRUGMAN (1991), who believes that economic integration causes an increase of regional concentration of industrial activity, which in turn will lead to sectoral or even regional shocks, increasing the likelihood of asymmetric shocks and divergent business cycles (KRUGMAN 1991, 1993).

The regions are characterized by asymmetry of cyclical fluctuations when changing their economic activity in relation to other regions. This phenomenon has its cause in two sources (FATAS 1997):

- regional-level diversification of production resulting from the specialization of the region in particular type of production and so-called industry-specific shocks, associated with different mobility levels of production factors;
- diversified economic policy in the regions.

Studies presented in the literature show that the common economic policy in the lack of business cycle convergence is not beneficial to all members of the economic area. This is due to the presence in national or regional scale “asymmetric shocks” (CORREIA, GOUVEIA 2013, p. 102). The conclusions of the studies are the basis of two opposing theoretical concepts.

The first of these is the specialization concept by Paul Krugman, who has proven in his research that economic integration in the regional context leads to a greater degree of development polarization rather than to its unification. This is the result of externalities taking in the single currency area, economies of scale of dynamic production (in relation to the environment), as well as the development of metropolitan areas. The main conclusion that comes from Krugman's model is that the result of the introduction of the single currency area may be to increase the degree of convergence of business cycles on the state level while increasing the range of divergence at the regional level (KRUGMAN 1991).

According to the second concept, proposed by Jeffrey Frankel and Andrew Rose, as a result of the elimination of economic barriers among countries and regions within single currency area, the trade intensification is rising. In the authors' view, the immediate effect of this process is an increase in the synchronization of cyclical fluctuations. Another factor contributing to the synchronization of business cycle fluctuations (according to the authors) is the implementation of a common economic policy on an integrating area. Difference in the approach to the effects of the optimum currency area created contradictions in the formulation of the idea that positive results in this concept reveals ex-post; i.e., as a result of conduct of the single monetary policy and the single currency (FRANKEL, ROSE 1996, p. 1–33). Similar conclusions resulted from Salvador BARRIOS and Juan LUCIO'S paper (2003, p. 3–5). They provide evidence on the positive impact of economic integration on regional business cycle correlation. Their study is based on the special case of two neighbouring economies: Spain and Portugal.

What is more about this, Michael Artis takes a hypothesis that expectations concerned with the development of an increasingly coherent business cycle, connected with European integration are disappointed. By examining cyclical affiliations among Euro countries, US and Japan, he concludes that apart from ongoing European integration processes, the globalization processes also may affect the national or regional business shocks. Moreover, the asymmetry shocks may be due to differences in the structure of labour markets, financial markets and product markets (ARTIS 2003, p. 2). In his earlier paper (2000), he argues that taking into account exclusively the optimal currency area (OCA) criteria is somewhat lukewarm. As additional criteria of business coherence he puts forward the trade integration, trade intensity as well as demand shock correlations (ARTIS 2000, p. 5).

Methodology of the Research

The objectives of the study are the morphological features of regional business cycles in Poland, represented by 16 administratively separate local government units, i.e. voivodships. The time of the analysis embraces a dynamics series

of regional gross domestic product in a quarterly intervals starting from 1st quarter of 2000 to the 4th of 2015. The period selection is dictated by the availability of comparable statistical data. The period of 16 years also enables to identify a number of complete business cycles, as well as to evaluate differences in their morphological structure. The business cycles model adopted in this study were the growth cycles (DROZDOWICZ-BIEĆ 2012).

The first stage of business cycle fluctuations analysis is the elimination of seasonal fluctuations from raw time series. In order to level seasonality, the TRAMO/SEATS method was used, which is recommended by Eurostat (GRUDKOWSKA, PAŚNICKA 2007). For the purpose of separating a cyclical factor from the previously de-seasonalised empirical data with the use of the TRAMO/SEATS method, the Christiano-Fitzgerald asymmetrical filter was used, which enables the procurement of cycle evaluation at the beginning and at the end of a time series (ADAMOWICZ et al. 2008).

The second stage was identifying the kind of fiscal policy in the context of business cycle phase. The character of discretionary fiscal policy was evaluated on the base of cyclically adjusted primary balance as well as positive or negative output gap estimated by using Hodrick-Prescott (HP) filter method (*Cyclical Adjustment...* 2017, KRAJEWSKI 2013, FEDELINO et al. 2009, BOROWIEC 2009).

In the third stage the type of fiscal policy conducted by central government was compared with the regional business cycle course. For marking the turning points the Bry-Boschan procedure will be exploited (ADAMOWICZ et al. 2012, DROZDOWICZ-BIEĆ 2012). As the reference cycle the polish GDP fluctuations were taken.

Data concerning Poland's regional GDP derived from Central Statistical office in Poland. The cyclically adjusted primary balance value came from European Commission database (*Cyclical Adjustment...* 2017).

Business Cycle Activity and Character of Fiscal Policy – Research's Results

By examining the cyclical component of national GDP, which is an indicator of general business activity, we defined 11 turning points. They make five full cycles measured between troughs (T-T). The first one (2000Q1 – 2002Q4) is connected with a burst of the speculative bubble of Internet-based companies on foreign markets. It was 11-quarters long, the upward phase was 5-quarters long and the downward one – 6 quarters. The second cycle is known as “the accession boom” was 10-quarters long and lasted since 2002Q4 till 2005Q2. That was asymmetric cycle – the boom was 6 quarters long and the contraction lasted 4 quarters. The third business cycle lasted 13 quarters. Its upward phase ended up in the 4-th quarter of 2006, with the US subprime crisis, that led to a global recession. The contraction was 7 quarters long, and finished in

2008Q3. After that slight and short increase in GDP value, the second stage of world economic crisis took place. It was caused by fiscal problems of some euro-zone economies. The downturn phase came on 2010Q1, after 6 quarters of recovery. The last identified upward phase lasted 6 quarters and was connected with growing output our main export partner, i.e. Germany, as well as the weakening of the domestic currency. Also decline in crude oil prices were in favour of slight recovery.

Relating to fiscal policy in business fluctuations, two types of budgetary policies can be mentioned. The first one is anticyclical fiscal policy. This occurs when a positive change of cyclically adjusted primary balance (reduction of structural deficit) (i.e. restrictive policy) goes with the upward phase in business cycle or negative change of cyclically adjusted primary balance (the growth of structural deficit) (i.e. expansive policy) take place in contraction. In contrast – procyclical fiscal policy occurs when a negative change of cyclically adjusted primary balance (i.e. expansive policy) accompany the boom phase or positive change of cyclically adjusted primary balance (reduction of structural deficit) deepen the recession.

In the considered period, the discretionary fiscal policy was anticyclical in 7 years and procyclical in 9 years relative to the nationwide cycle, which is a reference cycle.

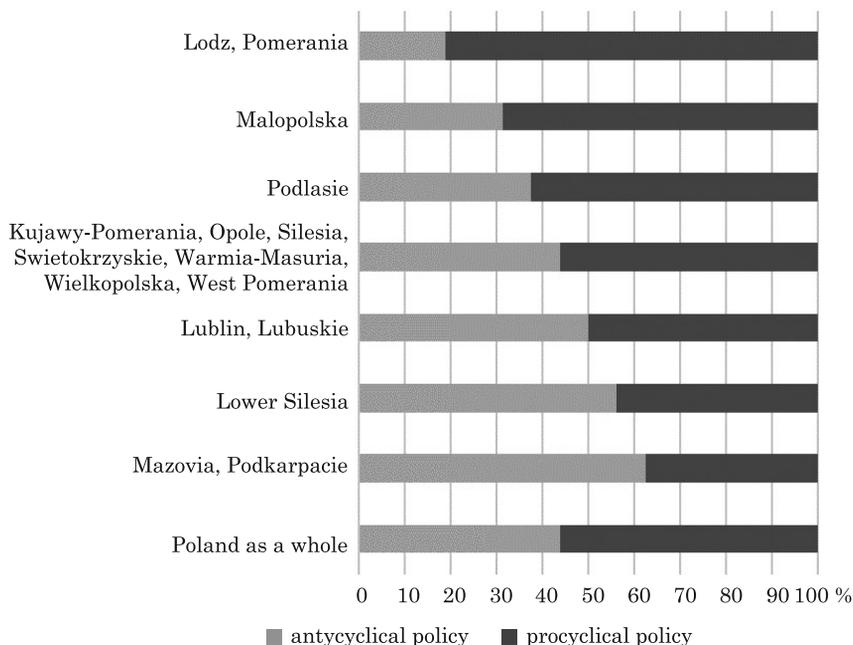


Fig. 1. Adequacy of discretionary fiscal policy to regional GDP fluctuations

Source: own elaborations.

In the case of 7 provinces (Kujawy-Pomerania, Opole, Silesia, Swietokrzyskie, Warmia-Masuria, Wielkopolska, West Pomerania), the number of years with the anti-cyclical and procyclical policy was the same as in the case of the nationwide cycle.

Discretionary fiscal policy in the case of 5 voivodships was more fitting than in relation to the cycle of Poland as a whole. Discretionary fiscal policy was the most adequacy in the case of Mazovia region and Podkarpacie (anti-cyclical policy in 10 years), Lower Silesia (anti-cyclical policy in 9 years), Lublin and Lubuskie regions (the policy turned out to be anti-cyclical 8 years and procyclical 8 years).

Discretionary fiscal policy has been least efficient to the Lodz and Pomeranian voivodships (pro-cyclical policy in 13 observations, anti-cyclical in 3 only). Also in the case of Malopolska and Podlasie voivodships, the fiscal policy (lead at the national level) less frequently counteracted the regional cyclical fluctuations than at national level. This means that nationally-based discretionary fiscal policies have more often led to increased regional GDP fluctuations than they have countered. This is a challenge for local authorities to balance central fiscal fluctuations by local taxes or, in case of crisis, regional business support.

Conclusions

Polish regions are characterized by diversity of business cycles fluctuations. State action aimed at mitigating the cyclical fluctuations at the national level, often (but not always) contribute to the deepening of the existing macroeconomic fluctuations at regional level. The reason for this is the divergence among Polish regions both in the matter of regional business cycle morphology, and in the aspect of phase shifts.

During the period considered, discretionary budgetary policy was in 7 years anti-cyclical and in 9 pro-cyclical in relation to the national cycle (adopted as a reference cycle). The same degree of matching is in the case of 7 of 16 Polish regions. The same number of years with the type of policy does not mean that it was always the same years.

In relation to the 5 provinces discretionary fiscal policy was a better fit than in relation to the reference cycle.

Regarding the 4 voivodships, discretionary budgetary policy was less adequate than in relation to the nationwide cycle. Therefore, it was more often procyclical than anti-cyclical.

Accordingly, it is desirable to continue the investigation to determine the strength of the impact of fiscal policy on regional business cycles, as well as the implementation of tools to conduct countercyclical policies at regional level. One of them can be more diversified taxation system, adjusted to regional business fluctuations. But this finding should be tested in a more developed framework.

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Turning points analysis with respect to the reference series (Poland GDP)

Time series	Trough	Peak	Trough	Peak	Trough	Number of extra cycles								
	Q1-2000	Q2-2001	Q4-2002	Q2-2004	Q2-2005	Q4-2006	Q3-2008	Q1-2010	Q1-2011	Q3-2012	Q1-2014			
Lower Silesia	+2	+3	+1	0	0	-1	-1	0	-	-	-4	-	-4	-1
Kujawy-Pomerania	-3	-1	0	-1	0	-1	0	0	+1	+2	0	-	0	-1
Lublin	+1	0	0	-1	0	+4	+2	+1	+1	+2	0	-	0	0
Lubuskie	-1	-1	-2	-1	0	+4	+2	+1	+1	-1	-2	-	-2	-1
Lodz	0	0	0	0	+1	+1	-1	-3	-1	0	-	-	-	-1
Malopolska	0	0	-1	+1	+3	+1	-1	+2	+4	+3	+1	-	+1	-1
Mazovia	+4	+3	+1	-	-	-2	+4	-	-	-2	-3	-	-3	-2
Opole	-4	-4	+1	-1	+1	+2	+2	-	-	-1	-2	-	-2	-2
Podkarpacie	0	0	-2	-3	-2	-3	+5	-	-	-1	0	-	0	0
Podlasie	-4	-1	+1	0	+1	+1	-1	-3	-2	+2	0	-	0	-1
Pomerania	+1	+1	+1	0	+1	0	-2	-3	-3	-2	-3	-	-3	0
Silesia	+1	+2	+1	-1	0	+3	+3	+3	+6	-	-	-	-	-1
Swietokrzyskie	+1	+1	-1	-2	-1	+5	+3	-	-	-2	-3	-	-3	-2
Warmia-Masuria	+1	0	-2	-2	0	-1	-2	-3	-3	+2	0	-	0	0
Wielkopolska	-1	-1	-1	-1	0	0	-2	-4	-3	0	0	-	0	-1
West Pomerania	+1	+1	+1	+1	+3	+4	+2	+1	+1	0	-1	-	-1	0

Note: + (-) denotes a lag (lead) with respect to the reference series

Source: own elaborations.

Antycyclical and procyclical fiscal policy in regional business fluctuation

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
POLAND	P	A	P	P	P	A	P	P	A	P	P	A	A	P	A	A
Lower Silesia	A	A	A	P	P	A	P	A	A	P	P	P	P	A	A	A
Kujawy-Pomerania	P	A	P	P	P	A	P	P	A	P	P	A	A	P	A	A
Lublin	P	A	P	P	P	A	P	A	A	P	P	A	A	P	A	A
Lubuskie	P	A	A	P	P	A	P	A	A	P	P	A	P	P	A	A
Lodz	P	A	P	P	P	P	P	P	P	P	P	A	A	P	P	P
Malopolska	P	A	P	P	P	P	P	P	P	P	A	P	A	P	A	A
Mazovia	A	P	P	P	A	A	A	P	A	A	A	A	P	P	A	A
Opole	A	A	P	P	P	P	P	P	A	P	A	A	P	P	A	A
Podkarpacie	P	A	A	P	P	A	A	P	A	A	A	A	P	P	A	A
Podlasie	P	A	P	P	P	A	P	P	P	P	P	A	A	P	A	A
Pomerania	P	P	P	P	P	P	P	P	P	P	P	A	P	P	A	A
Silesia	P	P	P	P	P	A	P	A	A	P	A	P	P	A	A	A
Swietokrzyskie	P	P	P	P	P	A	P	A	A	P	A	A	P	P	A	A
Warmia-Masuria	P	A	A	P	P	A	P	P	P	P	P	A	A	P	A	A
Wielkopolska	P	A	P	P	P	A	P	P	P	A	P	A	A	P	A	A
West Pomerania	P	P	P	P	A	P	P	A	A	P	P	A	A	P	A	A

Note: A – antycyclical policy, P – procyclical policy

Source: own elaborations.

THE SUPPORT FOR THE INVESTMENT EXPENDITURE FROM THE EU STRUCTURAL POLICY ON THE BASIS OF COMMUNES IN LUBELSKIE VOIVODESHIP

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Key words: investment expenditure, local government, the EU Structural Funds, rural areas

Abstract

The study analyzed the structure and level of investment expenditure incurred in support of local government funding from the European Union (EU). It focuses on making comparisons of investment expenditure of urban-rural (22 units) and rural (171 units), Lubelskie voivodeship. The subject of analysis was also activity in obtaining EU funding of urban-rural and rural areas in the 2007–2013 programming period. The investigation period was including year 2015 which ends the possibility of spending the assistance in the programming period 2007–2013. It also shows the degree and areas obtained support of investment activities of communes by assistance funds.

WSPARCIE WYDATKÓW INWESTYCYJNYCH ZE ŚRODKÓW POLITYKI STRUKTURALNEJ UE NA PRZYKŁADZIE GMIN WOJEWÓDZTWA LUBELSKIEGO

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Słowa kluczowe: wydatki inwestycyjne, samorząd terytorialny, fundusze strukturalne UE, obszary wiejskie.

Abstrakt

W opracowaniu przeanalizowano struktury i poziom wydatków inwestycyjnych poniesionych przez jednostki samorządu terytorialnego ze wsparciem z funduszy Unii Europejskiej (UE). Skupiono się na porównaniu wydatków inwestycyjnych wszystkich gmin miejsko-wiejskich (22 jednostek)

i wiejskich (171 jednostek) województwa lubelskiego. Ukazano zróżnicowanie, w jakim pozyskane środki pomocowe wspierały działania inwestycyjne gmin poszczególnych typów. Przedmiotem badań była także liczba i wartość projektów współfinansowanych z funduszy UE zrealizowanych w latach 2007–2013 przez gminy z województwa lubelskiego. Rozważania obejmowały lata 2007–2013 oraz rok 2015 kończący możliwość wydatkowania środków pomocowych z tego okresu programowania.

Introduction

EU cohesion policy aims to bring reducing of disparities in the regional development and European Funds purpose is especially improving social, economic and territorial cohesion. It is also worth emphasizing that the most important issue of this policy is to contribute to greater involvement of public and private capital in development projects and UE budget resources. They accelerate structural change and consequently, reduce the distance to more developed regions (PALUCH 2008, p. 169). Despite 12 years of Poland's membership in the EU, our regions are still suffering from backlogs and not everyone use benefits from the opportunities offered by structural funds (MURZY 2010, p. 203). They represent an alternative to the traditional financial system that offers public investment, private equity in the form of debt financing, which negative effects enlarging of debt (GIŁOWSKA, MISIĄG 2000, KOPAŃSKA, WITKOWSKI 2003, ZAWORA 2015). Therefore this group of instruments can be used by the commune only conditionally, with respect to the regulating law in case of the possibility of units indebtedness in the public finance sector. An important condition of local government finance destabilization is the fact that recently the state has charged the territorial self-governments with additional own tasks, despite the obligatory legal regulations for financial compensation (PONIATOWICZ 2016, p. 13). The system of financial support from EU funds is based on independent decisions of investors and financial institutions, which makes it possible to reach attractive and relatively cheap sources of capital to finance development investments. However, it should be borne in mind that the allocation of EU funds is strictly targeted and that access to them in different way influences varies scale, manner and structure of financing investment by different categories of investors, including public sector (NURZYŃSKA 2011, p. 104). The aim of the study is to get to know and show the size and scale of co-financing in the programming period 2007–2013 and to diversify the level and category of investment expenditures made with the assistance of the EU by urban-rural and rural communes in Lublin voivodeship.

EU Funds as Investments Expenditure Funding Source

Local government units can be financed from different sources in implementing investment activities. The main source is the current surplus, so a part of remaining current revenues at the disposal of the self-government after the financing of current expenditures, including debt servicing (WEŃCŁAWSKI, MISTEREK 2011, p. 64). In recent years, there has been a reduction of local government units financial capacity. Own funds are usually insufficient to full realization of the investment needs. There are several reasons for this phenomenon. Delegation of local government tasks without sufficient financial resources causes increasing of the debt costs, rising of current service costs and errors in financial management. Providing territorial self-government units with sufficiently efficient sources of financing for their activities is a very important condition for the investment tasks financing. Each of the financing forms has its own characteristics and should be applied according to the existing conditions or based on carried out cost-benefit analysis (SIERAK, MAŚLOCH 2013, p. 149–208). Figure 1 shows the division of investment sources.

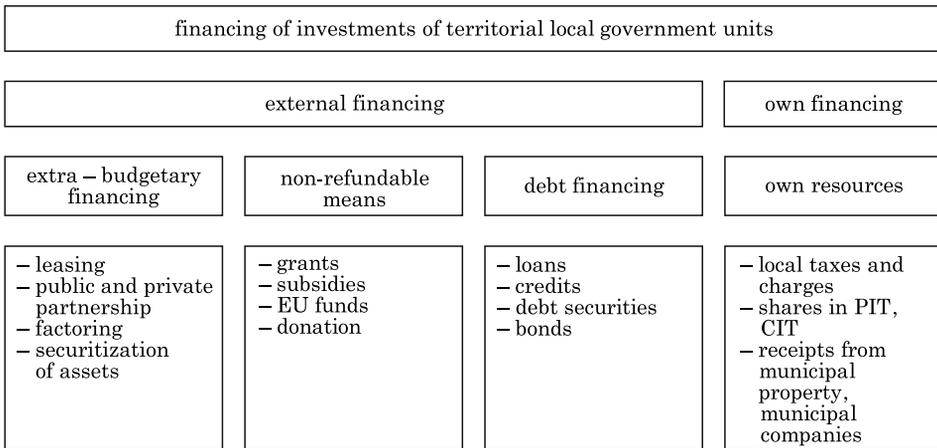


Fig. 1. Sources of financing of investments of local government units

Source: own study based on SIERAK (2016).

External sources of funding are an important support of limited budgetary resources of communes and allow the continuity of their tasks. However, further consideration has been focused on the analysis of external non-repayable sources of funding, including EU funds. The funds raised in this way are treated not as income, but the revenues of the communes, which enable the realization of serious economic projects and the necessary investment tasks (CICHOŃ 2007, p. 157). Regarding the law rules in the public finance, investment expenditures

of communes, districts and voivodships can be considered on a yearly and multi-annual basis. In the current plans of expenditure are used two types of current and investment expenses article 236 of the Public Finance Act (DzU z 2009 r., nr 157, poz. 1240). Capital expenditures include investment expenditure and targeted subsidies for financing or co-financing of the investment costs.

It should be emphasized that EU funds significantly improve the investment potential of local government units, and due to the extensive process of qualifying projects and competing with other actors, they can reduce the risk of ineffective investments (MICHALIK 2012, p. 73). Efficient and effective investment requires skillful preparation of projects. By developing an investment strategy, local authorities must take into account costs, time and organizational capacity, and try to predict potential problems. Improperly prepared investment projects may have a negative impact on the local government unit financial situation in the future.

Individual projects should be coherent and adapted to the budget financial ability in planned period of their implementation, especially if the local government unit is not only an investor but also a later user who suffers from its upkeep costs. Therefore during planning of the investment implementation it should be considered not only the construction costs but also later costs of its activity.

Commune – an Investor Using EU Structural Funds Support

After Polish accession in the EU, fundamentally got changed both the value of public funds for development (the principle of additionality and co-financing aid schemes) and the way of investment financing. In spending structural funds, special attention is directed to less developed regions, peripheral areas, rural areas, as these which are the primary objectives of cohesion policy assistance. The 2007–2013 period is the first EU financial perspective in which Poland and its regions fully participated in cohesion policy and Polish voivodships were the biggest beneficiaries. Available EU funds have increased in few supported areas: construction of environmental infrastructure, development of rural areas and agriculture, promotion of the competitiveness of businesses and regions (NURZYŃSKA 2011, p. 93). The selection of the type of local governments was also purposeful choice because it included the result of the evaluation of the activity in obtaining EU structural funds for investment activities. It indicated that the communes is the largest group of beneficiaries of aid programs. In addition, the given in the decentralization process powers for local governments conferred on relate to the gaining of funds and their expenditure (WALCZAK, KOWALCZYK 2010, p. 28). The decentralization of self-government income should be considered as the delegation of power to make autonomous decisions on sources of financing and expenditure as a decision-making autonomy in case of their spending way.

In the period 2004–2013, the most important beneficiary of structural assistance were local self-government units. They and their subordinate units have accounted for more than 34% of the value of all projects. Lublin region as a research area was selected for several reasons. Conducted by the level of activity in gaining EU funds per capita it should be highlighted that the greatest value is achieved by self-government units in south-eastern Poland including the following voivodeships: Lubelskie, Swietokrzyskie, Podkarpacie, Warmińsko-Mazurskie. Local governments from the Lubelskie Voivodeship made about 1.4 thousand projects and received over 4.4 billion PLN from EU funding).

It is also an area of accumulation of development barriers, located peripherally and dominated by rural areas, which occupied 53% of the region's population. This region is also characterized by high levels of employment in agriculture, and significantly higher share of rural communes (79.8%), than the national average (63%). The region is characterized by a very low level of economic, social and territorial cohesion, poorly developed services market and disadvantageous spatial accessibility.

Within the framework of the National Strategic Reference Framework (a document constituting the basis for the implementation of cohesion policy in our country), it was planned that in the period 2007–2013 to Lubelskie Voivodeship it would be transferred over 2.2 billion EUR from EU funds. The funds granted to the voivodeship included the allocation for the implementation of the Regional Operational Program of the Lubelskie Voivodeship (ROP) (EUR 1,192.84 million) and the regional component of the Operational Program Human Capital (OP) (EUR 547.43 million). In addition, Lubelskie was included in the functional problem area of "Eastern Poland" and provided support (508.57 million EUR) under the Operational Program Development of Eastern Poland. As a consequence, the resources from the above sources per capita in the voivodeship were 1,041 EUR, but it was significantly higher than the national average (EUR 713) but lower than the average for the voivodeships of Eastern Poland (EUR 1,143) (WOJTOWICZ, KUPIEC 2012, p. 8).

Materials and Methods

A meta-evaluation approach was adopted, so analysis considered available databases of institutions implementing individual operational programs, evaluation reports, research reports related to the programming period 2007–2013. The method of comparative study of the two types of communes of Lublin voivodeship: urban-rural and rural – was used in terms of the structure and value of investment expenditures. The study covered all rural and urban-rural communes in the Lublin Voivodeship, a total amount of 193 communes, including 171 rural communes and 22 urban-rural communes.

The data for verification was obtained from the budgetary reports of local government units for 2015 and Regional Chamber of Auditors (RIO), Lublin for the analysis of numerous implemented projects and the value of the support received from the EU funds. In researches all operational programs from the 2007–2013 programming period, namely: Infrastructure and Environment (POI), Innovative Economy (POIG), Human Capital Development of Eastern Poland (PORPW), Rural Development Program (RDP) and Regional Operational Program of Lubelskie Voivodeship (ROP) based on data of Ministry of Development (1,337 completed projects) were analyzed. An analysis of the structure of investment expenditures which were financed by the EU budget and allocated a contribution from public funds were taken into account with two paragraphs of budget classification (605 and 661) with the fourth digit 7 or 9. Paragraph 605 means investment expenditure of budgetary units but 661 transferred grants to the communes for investment and investment purchases carried out on the basis of agreements (contracts) between local government units. The fourth digit of paragraph (7) shows payments from the budget of EU funds. This symbol applies to expenditures made as part of the payment of European funds. Co-financing of programs and projects funded by European funds is indicated by the fourth digit 9, which shows expenditures incurred in the implementation of projects financed by the EU budget, forming a national public input (own input).

Results

During the 2007–2013 programming period, Poland gained access to a large value of EU support. 67.3 billion EUR was allocated to the regional policy itself, and nearly 14 billion EUR to agriculture and fisheries. Together with the national co-financing was allocated about 108 billion EUR for the development of Poland and its regions (*Polska i jej fundusze 2009*). A detailed division of the EU support amounts allocated in the Lubelskie Voivodeship in the framework of individual operational programs is presented in Figure 2.

Over the period 2007–2013 Lubelskie voivodeship received the largest pool of EU aid provided under two operational programs: implemented at central level (PO IS) and regional level (RPOWL). The research also focused on determining the number of communes of both types in the different ranges of the value of EU support. Use of EU funds for investments implemented by urban-rural and rural communes in 2015 is displayed in Figure 3.

In both types of communes, the value of EU support for investment expenditures oscillated between 1 and 5 million PLN. A significant feature of urban-rural communes was significantly higher percentage of individuals (23%) who have received an amount over 10 million PLN, which indicates that they carry out higher value investments.

The next area of research was the size of capital expenditures incurred by urban-rural and rural communes. That was determined by the share of investment expenditures with EU co-financing in total expenditures (Fig. 4).

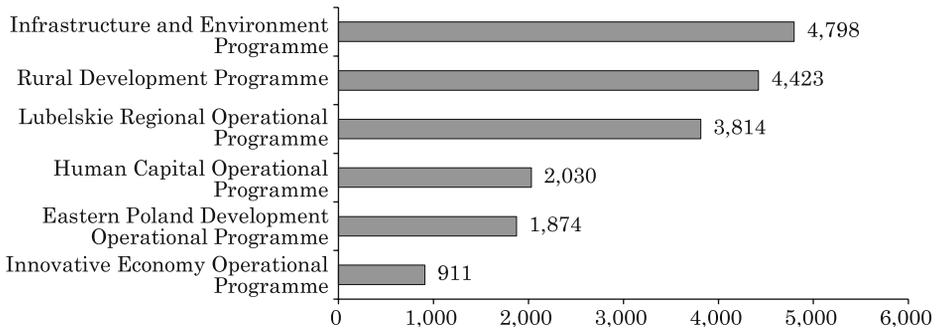


Fig. 2. The support for Lubelskie Voivodeship within each operational program in 2007–2013 (mln PLN)

Source: own elaboration based on data from KSI and ARiMR.

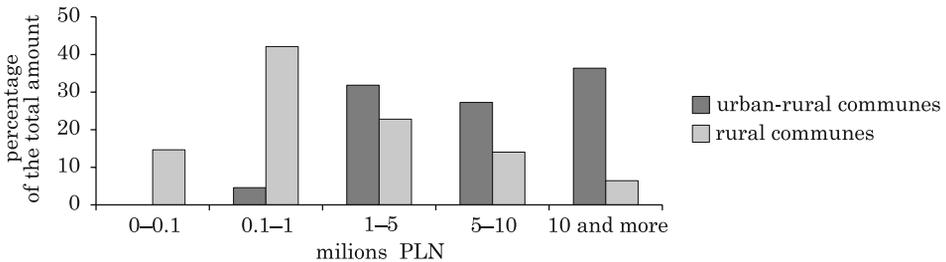


Fig. 3. Percentage of communes in Lublin voivodeship according to the value of used financing from Operational Programs in the period 2007–2013 (PLN)

Source: own study based on Ministry of Development data, www.mapadotacji.gov.pl (access 10.08.2016).

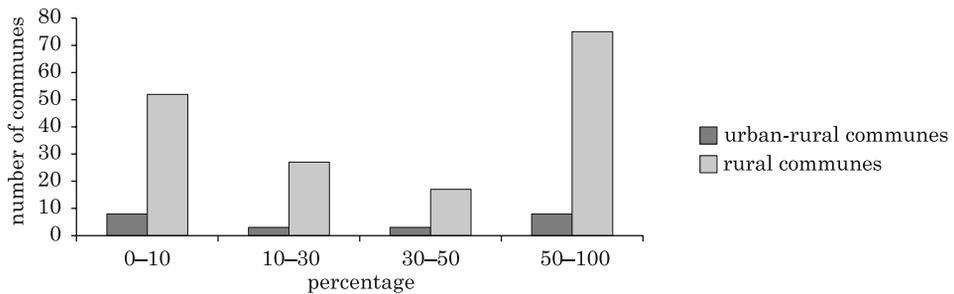


Fig. 4. The number of communes by the share of EU funds in total investment expenditures in 2015

Source: own study based on budget reports of JST, RIO Lublin.

From the obtained results, it can be concluded that in the case of rural communes (43% of the total), indicated share of EU co-financing in total investment expenditures was between 50% to 100% . In the case of urban-rural communes, this share was more equal distributed and could not be indicate a significant advantage of the specified value of the share. Another feature of investment expenditures of communes supported by EU funds per capita value (Fig. 5).

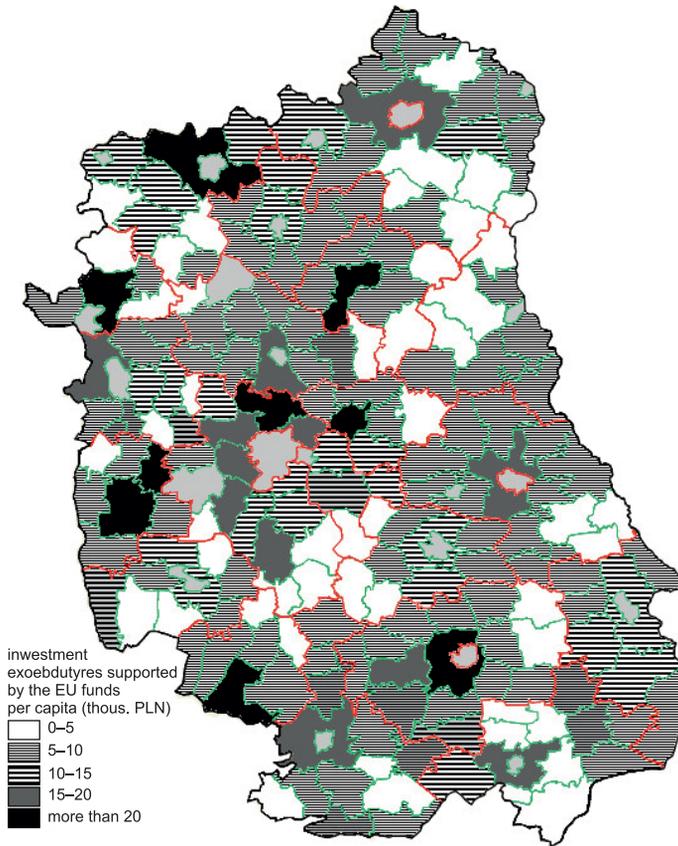


Fig. 5. Investment expenditures involving EU funds per capita in the urban-rural and rural communes (PLN)

Source: own study based on RIO data in Lublin.

Nearly half of the rural communes (49.1%) have spent investment expenditures with EU funds per capita ranging from 5 to 10 thousand PLN. Among urban-rural communes, a higher percentage of units (27.2%) that had a higher investment expenditure per capita over 20 thousand PLN. When analyzing the spatial variations of incurred investment expenditure supported by EU

aid funds, it should be pointed out that the highest value of these expenditures was concerned in urban-rural communes and areas in their close neighborhood. The lowest value of capital expenditures per capita was achieved by communes located in the eastern part of the voivodeship. Local government units' capital expenditures were categorized according to budget classification divisions. An analysis of the investment expenditures allocations of both types of communes is presented in Table 1.

Table 1
The Investment expenditures financed EU funds in various sections of budget classification by type of communes in Lubelskie voivodeship in 2015

Name of the section in budget classification		Type of the commune		Type of the commune	
		urban-rural	rural	urban-rural	rural
		the total value of investment expenditures financed with EU funds (PLN)		the total value of investment expenditures financed from the EU funds per one commune (PLN)	
900	Municipal economy and environment protection	37,943,132	238,593,726	1,724,688	1,395,285
600	Transport and communication	3,147,462	62,302,437	143,066	364,342
010	Agriculture and hunting	3,236,449	57,159,181	147,111	334,264
630	Tourism	486,042	14,944,917	22,093	87,397
801	Education & Learning	152,373	11,436,143	6,926	66,878
921	Culture and national heritage protection	1,074,589	11,379,935	48,845	66,549
720	Informatics	0	10,334,129	0	60,434
700	Housing economy	3,239,809	5,837,351	147,264	34,137
400	Production and supply of electricity, gas and water	0	3,478,761	0	20,344
926	Physical Culture	199,965	1,500,876	9,089	8,777
750	Public Administration	102,016	686,079	4,637	4,012
851	Health Care	0	659,401	0	3,856
710	Service activities	0	434,516	0	2,541
854	Educational care	0	398,892	0	2,333
853	Other tasks in the field of social policy	0	217,426	0	1,271
754	Public safety and fire protection	0	167,385	0	979
150	Manufacturing	0	693	0	4

Source: own study based on RIO data in Lublin.

Analyzing the variation in the value of investment expenditure, it should be emphasized that in both types of communes' investment directions with the highest level of implemented expenditures supported by EU financial assistance are the same. The highest amount of investment expenditure was made in two main areas: municipal and environmental protection and transport and communications. That might indicate still existing need of investments in technical infrastructure. Moreover, considering the amount of total investment expenditure, it was noted that the value of rural investment was higher in rural communities, which was due to their greater numbers. Increasing the level of conducted investment expenditures analysis, there has been also calculated the value per unit of local government. The obtained results indicate that in the area of municipal economy and environmental protection, urban-rural communes have achieved a higher value of expenditure per unit. The author, conducting previous studies on the absorption of EU funds in rural communes of Lublin Voivodeship, analyzed the areas of EU support used in the programming period 2007–2013. The results of these analyzes are presented in Figure 6.

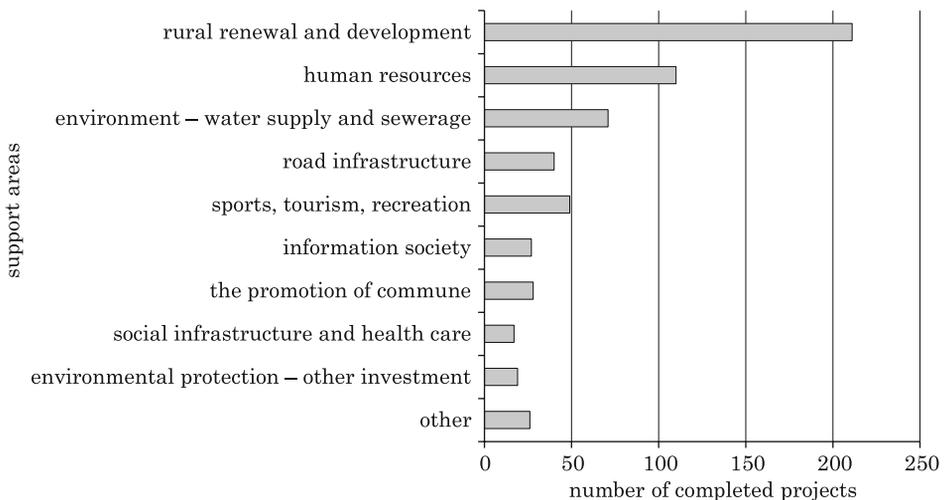


Fig. 6. Support areas used by Lubelskie voivodeship rural communes by the number of completed projects in the period 2007–2013

Source: own study based on data from survey questionnaire.

The projects implemented with the help of EU funds by rural communities mainly concerned the area of renewal and rural development (211 projects), human resources and environmental protection. The first area was implemented under the RDP and two more within the framework of the EU structural policy and its instruments. Taking into account the essential distinguishing features of EU aid and the fact that these sources are category of complementary funding,

which need co-financing and forming an integrated financial installation with other own-source. Assumption of co-financing arises from the need to divide the risk and allocate it between the investor and the financing institution (ZIOŁO 2011, p. 288–290). Subsequently, the considerations were transferred to the received value of EU funds support and the incurred own input to investment expenditures by rural and urban-rural gminas (Fig. 7).

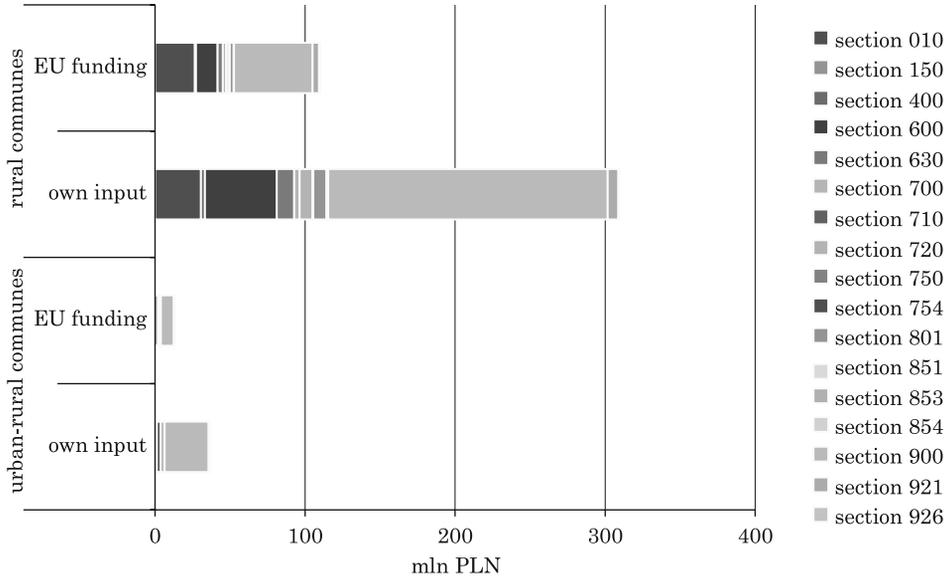


Fig. 7. The total own input and the EU funding allocated for Lubelskie Voivodeship communes' investment expenditures by budget classification in 2015 (PLN)
Source: own study based on data from RIO Lublin.

The analysis of the level of own input and EU funds aid in expenditures implemented in different investment areas showed that for both types of communes a higher share of own funds was observed. There is also a greater level of diversification in the scale of own input in the investment expenditure of rural communes.

Summary

The analyses allowed to show that there are different levels and categories of investment expenditure carried out with the help of the EU funds for the urban-rural and rural areas. Rural communes implemented investments of higher value.

In case of rural communities, they can be seen as split into two groups. Those that have achieved relatively little investment support by the EU funds, or those whose over half of the investment expenditure has been conducted with the help of European funds. Such groups may not be isolated in urban-rural areas, because they are very homogeneous without the dominant group.

The results indicate territorial distribution of the a further increase in disparities in the level of investment between rural and urban-rural areas. Despite the fact that more investment projects have been implemented by rural communes, their value has been higher in urban-rural communes and rural communes neighboring with them. This leads to the formulation of further postulates to support activities stimulating development potential in rural areas.

Analysing the areas of application of the support with the EU funds for communes' urban-rural and rural investment expenditures, it should be noted that the greatest amount of expenses was related to technical and social infrastructure. Both types of communes implement investments primarily in the area of local economy, environmental protection and transport.

In the future the research should be complemented to the evaluation of the expenditure effectiveness aspect, which can be analyzed only in the long term. The research should also be continued in the direction of assessing the impact of investment expenditure supported by the EU funds for the development of local governments, but in this case it is necessary to use the dynamic approach.

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USING INSURANCE IN CRAFT ENTERPRISES ON THE BASIS OF SURVEY RESEARCH RESULTS

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Key words: craft enterprises, insurance, risk management, small and medium-sized enterprises.

Abstract

The purpose of the research presented in this article was to assess the use of insurance products available on the market in everyday craft activity, as well as to obtain an answer to the question of which insurance companies the surveyed entrepreneurs use most often. An attempt was also made to assess cooperation of the insured with insurers. Research with the use of a survey questionnaire was conducted in the period from May to July 2016 in craft plants from the Opole, Lower Silesian and Silesian provinces associated through guilds in the Craft Chamber in Opole. Research results demonstrate that more than half of the surveyed craft enterprises use products offered by insurance companies, and the most popular insurer among these companies is PZU.

KORZYSTANIE Z UBEZPIECZEŃ W RZEMIEŚLNICZEJ DZIAŁALNOŚCI GOSPODARCZEJ NA PODSTAWIE BADAŃ ANKIETOWYCH

Grażyna Dębicka-Ozorkiewicz

Izba Rzemieślnicza w Opolu

Słowa kluczowe: rzemiosło, ubezpieczenia, zarządzanie ryzykiem, małe i średnie przedsiębiorstwa.

Abstrakt

Celem badań opisanych w artykule była ocena wykorzystania dostępnych na rynku produktów ubezpieczeniowych w codziennej działalności rzemieślniczej, a także uzyskanie odpowiedzi na pytanie, z usług których towarzystw ubezpieczeniowych badani przedsiębiorcy korzystają najczęściej. Podjęto również próbę oceny współpracy ubezpieczanych z ubezpieczycielami. Badania z zastosowaniem kwestionariusza ankiety prowadzono od maja do lipca 2016 r. w zakładach

rzemieślniczych województw: opolskiego, dolnośląskiego i śląskiego, zrzeszonych w cechach w Izbie Rzemieślniczej w Opolu. Wyniki badań pokazują, że ponad połowa ankietowanych przedsiębiorstw rzemieślniczych korzysta z produktów oferowanych przez towarzystwa ubezpieczeniowe, a najpopularniejszym towarzystwem ubezpieczeniowym jest PZU.

Introduction

The freedom of providing insurance services was guaranteed as early as in the 1970s by the first directives of the communities, concerning life insurance and others. Until recently, financial institutions and insurance companies focused on large business entities, directing their offers just to this sector. Recently however, the offer for small and medium enterprises in connection with the dynamic development of the SME sector (including craft plants) in the form of package insurance has become richer.

Craft is a particular type of business operation, concerning companies operating in the sector of small and medium enterprises, on a relatively small scale with the participation of the plant owner. Owing to its special character, as compared to other companies from the SME sector, craft is a separate area of research. This area of research, due to ignorance related to the realities of contemporary craft, is relatively rarely investigated by scientists as an object of research, which should be changed in the opinion of the author. Stereotypically, as perceived by society, craft is often underestimated and considered to be a relic. Nothing could be more delusive. Craft enterprises are aware that in the conditions of growing openness of the economy and intensifying globalization and integration processes, the economy of Poland is subject to the impact of the external environment. Therefore, an important element in the current operations of a craft enterprise is competent risk management. Risk in running a business applies to various areas of activity, both assets and civil liability.

Insurance is a risk management method most often used by small and medium-sized enterprises and the scope of insurance solutions being employed derives from the owners' insurance awareness, available capital base, profile and size of business, as well as the subjective sense of hazard (STRUPCZEWSKI 2011, p. 613).

The purpose of this research was to evaluate the use of insurance products available in the market in everyday craft activity. This research should also provide an answer to the question of which of these products is most popular among craft enterprises as well as which insurance companies the surveyed entrepreneurs use most often. An attempt was also made to assess the cooperation of the insured with insurers.

Craft Business Operations

According to Article 2 of the Act of 22 March 1989 on craft, consolidated text of 28 July 2016 – Journal of Laws of 2016, item 1285 (from now on referred to as: Act on craft), craft is the professional performance of business operations by a natural person using the professional qualifications of this person and their own work, on their own behalf and on the account of this person if he or she is a microentrepreneur or a small or medium-sized entrepreneur as defined by the Act of 2 July 2004 on the freedom of business operation (Journal of Laws of 2015, item 584 as amended, from now on referred to as: Act on the freedom of business operation). Craft is also the professional performance of business operations by shareholders in a civil partnership of natural persons within the scope of business operations performed by them together, if they individually and together do not exceed the level of employment of a maximum of 250 persons. However, craft does not include the following operations: commercial, hotel services, transport operations, services provided when exercising freelance professions, health treatment services as well as manufacturing and service activities of graphic artists and photographers.

In Poland craft enterprises can be found everywhere, in the country and in the cities. Craft activity is similar in other countries of the European Union. For many generations, craft has created infrastructure for the society and the economy, and has been the basis for development and welfare.

According to the data of the National Statistical Office, it can be stated that an estimated 90% of craft plants remain micro enterprises (FOLTYS et al. 2015, p. 166).

A discriminant of craft operations, in accordance with the provisions of Article 3 of the Act on craft, is the need for the craftsman to have a formal confirmation of professional qualifications, which include:

- a diploma or certificate of completing a university or high school (college) with a technical or artistic profile in a profession (major) corresponding to the domain of the performed craft;
- a diploma of a master in a profession corresponding to the given type of craft;
- an apprentice's certificate or qualified worker title in a profession corresponding to the given type of craft;
- a certificate confirming possession of selected professional qualifications with regard to a profession corresponding to the given type of craft.

Another factor differentiating craft are qualifications to educate students under the practical learning of a profession. Next to business operations, small and medium craft enterprises are traditionally involved in training students. At present, approximately 90,000 juvenile students learn in craft plants in Poland (Związek Rzemiosła Polskiego, www.zrp.pl).

Craft is the oldest formalized and hierarchical form of business activity, whose basic principle is the craftsman producing original goods or providing services on their account.

The specific character of craft consists in the fact that such enterprises have the ability to promptly, flexibly, and non-routinely adjust their production and services to current needs. Practically they are able to satisfy all expectations and accept many vital business tasks, such as e.g. requalification and management of a considerable number of the unemployed. It also finds a place in services not being popular among other administrators – these are services in the country, supplementary production for large plants, and solving economic problems in communes. It happens that craft activities often produce goods rather classified as being a national heritage, which has more of a cultural than an economic effect.

Enterprises, also from the SME sector, including craft enterprises, operate under conditions of high complexity, variability and unpredictability in their environment. It is the environment, namely external conditions of existence and the development of companies that affects business development and entrepreneurship. The outcomes are often various types of difficulties and irregularities in the course of and the results of business operations (LICHTARSKI 2005, p. 117). No one else can name the encountered barriers better than the entrepreneurs themselves.

The specific character of these enterprises also consists of the fact that most often the owner manages the company in person and only rarely entrusts business management to a professional manager. For this reason, the entrepreneur's propensity for risk has an effect on the development of the company (GAJDA 2014, p. 213).

One of the important issues related to the management of these operations is the problem of protecting business resources and limiting the effects of risk involved in running business activities for the purpose of restricting the scale of failure and assuring conditions for the company's growth. As previously mentioned, craft enterprises are predominantly micro enterprises. Sources of risk in the activity of micro-enterprises can be divided into (BERA 2012, p. 72):

- global – to which the company has no influence, for example: political conditions, climate change, demographic change, religious conflicts, atomic energy, organizational factors;

- organizational – financial (credit, currency, interest rate, commodities), political (war, social risk, terrorism, state action, regulation), operational (personnel, physical damage, crime, data coverage) and legal (contractual, professional).

The above-mentioned sources of risk are identical to craft establishments. The same kind of risk that one may encounter in an artisan business, and they are many. Not all, however, have the same probability of occurrence.

Insuring property and processes fosters the company's growth by:

- creating stable conditions of operation and development by protecting assets being the source of revenue;
- protection against situations bearing the highest risk (e.g. investments, new projects or technologies).

This is a relatively cheap form of protection in the case of no financial reserves and, thanks to agents' services, does not require the decision-maker to have detailed knowledge about the insured risks (MIKULSKA 2010, p. 81).

Craft plants are the foundation of the economy, and at the same time they stabilize social development. They are rooted in their region, are able to use international cooperation opportunities, enhance the place of their operations, and at the same time are not moving workplaces abroad. Framework conditions in the future will rather foster the development of the SME sector, including craft enterprises, and the optimum size of the business, will be reduced (HOGEFORSTER 2011, p. 107).

Subject of Research, Method and Research Sample

The objective of the research described in the introduction was achieved as a result of a survey conducted in questionnaire form, which was sent out to craft enterprises, associated with the Craft Chamber in Opole, from the Lower Silesian and Silesian provinces. This questionnaire was prepared on the model of a Sociological questionnaire survey (*Podręcznik socjologicznych badań...* 1999) and Postal surveys in marketing and sociological research (MANGIONE 1999, p. 13).

The survey questionnaire consisted of 10 closed questions. In order to obtain as complex a picture of the examined craft enterprises as possible, questions were related to both the form of the conducted business operations, namely the general characteristics of the business, as well as other key matters such as insurance products available for craft enterprise operations.

Among the key questions, there were questions directly concerning these products as well as whether events occurred in the company requiring notification and damage liquidation in the course of insurance or assessment of the previous cooperation with the given insurance company. The survey questionnaire also included a question referring to the period of cooperation and future cooperation with these insurance companies.

The survey was conducted in the period from May to July 2016 in craft plants in the Opole, Lower Silesian and Silesian provinces, associated with the various craft guilds, being members of the Craft Chamber in Opole.

Survey questionnaires were sent out to 1,000 enterprises associated with organizations of local craft enterprises. Questionnaires were returned by 594 plants, representing a response rate of almost 60%.

The associated craft enterprises participating in the survey represent the following 5 trades:

- construction (represented by such professions as painter-paperhanger, finishing works technologist in the construction industry, bricklayer, dry building assembler, floor tiler, electrician, carpenter, roofer, water and sanitary devices installer, gas devices installer, etc.) – 270 enterprises;
- carpenters – 48 enterprises;
- automotive (including such professions as: automotive vehicle mechanic, electromechanical engineer, varnisher) – 72 enterprises;
- food (baker, confectioner) – 83 enterprises;
- personal services (hairstylist, beautician, make-up stylist, tailor etc.) – 121 enterprises.

Also, the surveyed craft enterprises had different legal forms. These were both individual persons conducting business activity; civil, open partnerships and limited liability enterprises. However, the highest number among the surveyed associated enterprises – as much as 95% were individual persons conducting business activity.

In order to better analyse the examined craft enterprises, the survey questionnaire contained questions concerning the number of persons employed in them and the length of the company's existence.

The number of employees employed in the examined associated plants was as follows:

- up to 10 persons – 440 (74%),
- 11–49 persons – 143 enterprises (24%),
- 50–250 persons – 11 plants (2%).

Length of the company's existence was as follows:

- 0–5 years – 45 enterprises,
- 6–10 years – 161 enterprises,
- 11–20 years – 297 enterprises,
- longer than 20 years – 91 enterprises.

Survey Results

Using Insurance Products

As a result of analysis of the survey questionnaires, it was noticed that the majority of the examined enterprises (as many as 62%) used insurance company services in the form of buying motor vehicle insurance. Property insurance was in second place, and was used by 47% of the respondents. Civil liability insurance in connection with conducting business operations was in third place with 21%. The use of insurance covering external and internal glazing against breaking was declared by 7% of the surveyed, and electronic equipment insurance – 4%.

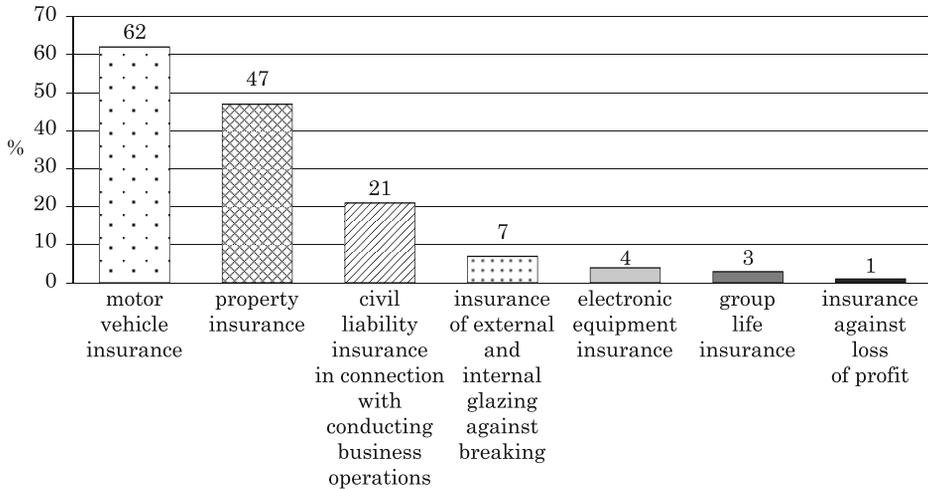


Fig. 1. Using insurance products by plants associated in craft enterprise self-government organizations

Source: prepared by the author.

Only 3% of the surveyed craft enterprises used group life insurance and 1% insurance against loss of profit. None of the examined enterprises used insurance covering domestic cargo transport or other forms of insurance (Fig. 1).

Events Requiring Notification and Damage Liquidation in the Course of Insurance

When asked whether events occurred in the company demanding notification and liquidation of damage throughout the effective term of the insurance contract, 7% (42 enterprises) of the surveyed responded yes.

Insurance Companies Whose Services Are Most Often Used by Craftsmen

Question 6 included in the survey questionnaire was: Services of which of the following insurance companies are used by your company? The range of possible answers consisted of the names of sixteen particular insurance companies and the possibility of specifying another company, which was not mentioned by name. Answers in a graphical form are presented in chart no. 2. After making an analysis of the answers marked by the owners of associated craft enterprises, it was noted that 195 enterprises used the services of TU PZU, 139 used the services of TU Warta, and 96 used the services of TU Allianz. The services of TU Generali were used by 38 plants, TU Compensa was used by 36, and TU

Hestia was used by 29. The share of respondents in other insurance companies was as follows:

- Aviva – 24,
- Axa – 3,
- Inter – 5,
- Liberty – 6,
- Link 4 – 1,
- Nationale-Nederlanden – 10,
- Uniqa – 12 (Fig. 2).

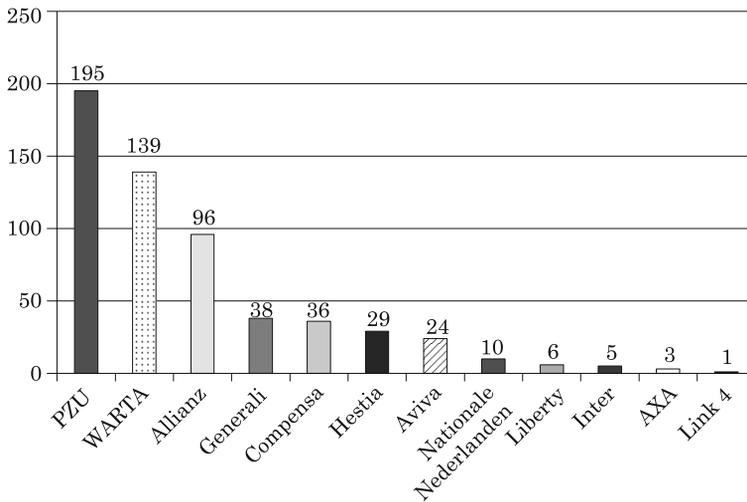


Fig. 2. Number of craft enterprises using services of particular insurance companies
Source: prepared by the author.

Assessment of the Previous Cooperation of Craftsmen with Insurance Companies

As much as 60% of insured craft enterprises taking part in the survey recognized that cooperation with insurance companies was very good, and 15% saw it as good. The answer “correct” was indicated by 17% of the insured craft enterprises, and only 8% of the enterprises indicated “poor” (Fig. 3).

Changes in Insurance Companies Over the Past Three Years

15% of the insured craft enterprises had changed their insurance company over the past three years. The main reason for changes stated by the owners was lower insurance costs. Other reasons were poor relations with the insurance agent and dissatisfaction with previous cooperation.

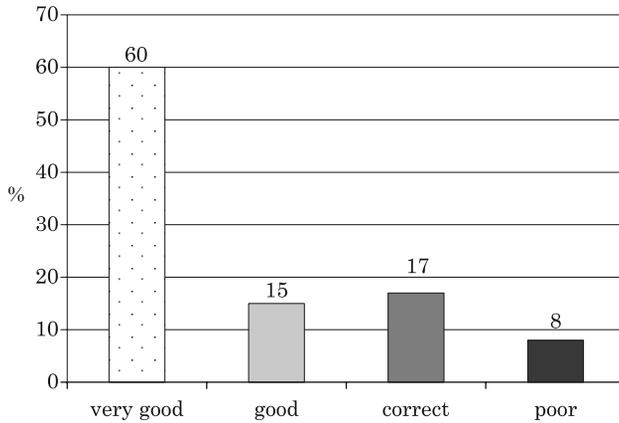


Fig. 3. Assessment of previous cooperation with insurance companies by craftsmen
Source: prepared by the author.

Period of the Company's Cooperation with the Insurance Company

Craftsmen using the services of insurance companies also answered the question: how long has the company used the services of insurance companies. Survey analysis showed the following results:

- 6% selected the answer “less than a year”,
- 18% chose the answer “from 1 to 3 years”,
- 23% chose the answer “from 3 to 5 years”,
- 34% of the surveyed had insured their plants from 5 to 10 years,
- 19% had used their services for over 10 years.

The above results are presented graphically in Figure 4.

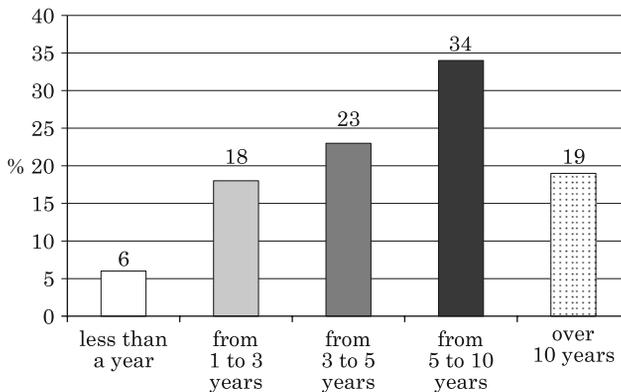


Fig. 4. Period of cooperation of craft enterprises with insurance companies
Source: prepared by the author.

Continuity of Using Services of Insurance Companies

All the owners of craft enterprises who had used insurance before declared their intention to use insurance offers in the future.

Summary

To protect the potential of the craft company, different insurance may be used, including property insurance, motor vehicle insurance, and personal or civil liability insurance. Insurance is a financial service, which will provide coverage of future property needs related to the liquidation of negative effects from any unforeseeable events. According to E. Wierzbicka, the use of insurance by the SME sector as a risk management method is insufficient in Poland. The willingness to buy insurance increases as the size of the company does. The smaller the company is, the smaller the willingness to buy insurance (WIERZBICKA 2014, p. 145).

As deemed from the conducted survey, more than half of the surveyed craft enterprises benefit from products offered by insurance companies. Craftsmen mainly use motor vehicle insurance (62%), followed by property insurance (47%). They less frequently (21%) use civil liability insurance in connection with conducting business activities. Even fewer of the surveyed (7%) pointed to insurance of external and internal glazing against breaking and 4% to electronic equipment insurance. Such a low share of the last two insurance products is undoubtedly due to the fact that not each type of craft operation involves the need to have electronic equipment and glazing.

The dominant share of motor vehicle insurance most likely results from the mandatory purchase of civil liability insurance for motor vehicles. The PZU Insurance Company is the most popular among craftsmen, followed by Warta, Allianz, Generali, Compensa and Hestia.

Craftsmen are satisfied with the previous cooperation with insurance companies, which was proven by the fact that 60% of the insured assessed their cooperation as very good, 15% as good, and 17% – as correct. As a result, only 15% have changed their insurance company over the past three years. This change was mainly due to lower costs. The high cost of conducting business operations in Poland force entrepreneurs to search for savings and reduce costs, which has also had the effect of selecting the cheapest insurance products, unfortunately.

The majority of craft enterprises have already benefited from offers of insurance companies for 6 to 10 years. The smallest number of enterprises have cooperated with insurance companies for less than a year. This short period of cooperation of craft enterprises with insurance companies can be justified by low awareness of insurance needs among craftsmen, financial savings of the

costs of running business operations and a high rotation of enterprises being opened and closed, among other reasons.

Craft enterprise self-government organizations, through their activities, attempt to support the operations of craft enterprises. They are also aware of how important insurance products are for the stable operation of these enterprises – products that are targeted specifically at this group of entrepreneurs. In the past, the Craft Chamber in Opole has often supported craftsmen who were not insured and their plants underwent different events, which could be covered by an insurance policy. If these plants had been insured, their existence would not have been disturbed. The Craft Chamber in Opole cooperates with agents and insurance brokers offering products of various insurance companies. It organizes numerous informational meetings, stressing the advantages of insurance products specifically intended for this sector.

The offerings of insurance companies for craft enterprises are often flexible and adjusted to particular kinds of risk, and special packages may fully satisfy the needs of these enterprises. Still a barrier for those enterprises to use risk transfer onto the insurer is the price of an insurance policy, and the reason for inadequate insurance protection is the entrepreneurs' insurance awareness which is growing, but leaves much to be desired.

Bearing in mind the fact that 74% of the respondents are the owners of craft microenterprises, the level of commitment to use services of insurance companies should be considered as satisfactory.

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The length of the article, including the abstract, **should not exceed 12 pages of the printed text.**

FORMATTING THE TEXT

- Word (format doc.), use Times New Roman font, 12 pts, indentation 0,7 cm, line spacing 1,5, right margin – 3 cm, other margins – 2,5 cm, text justified;
- Intertitles centred, bold;
- In-text references to bibliographic entries should be written in parentheses:
 - a) if work by one or two authors is cited: last name(s) of the author(s) (in small caps), year of publication and page numbers, e.g., (PORTER 1998, p. 143) or [...] according to PORTER (1998, p. 143) [...],
 - b) if work by three or more authors is cited: the first author's last name (small caps) followed by et al., year of publication and page numbers, e.g., (ADAMOWICZ et al. 2008, p. 12),
 - c) if more than one work by the same author(s) from the same year is cited, use the suffixes "a", "b", "c", etc., to differentiate them, e.g., (PORTER 1998a, p. 143),
 - d) if the in-text reference is made to collected volumes, reports or analyses, instead of the author's last name a full or shortened title of the work is provided (in italics), the year of publication and page numbers, e.g., (*European Pork Chains* 2009, p. 27, 29), (*Informacja w sprawie zatrudnienia*. 2011, p. 5-10),
 - e) references to legal acts: with the first reference full title of the legal act should be provided, together with the description of the Journal of Laws or Polish Monitor, and the shortened version of the title, which will be used further on, e.g., (Ustawa z 27 sierpnia 2009 r. o finansach publicznych, Journal of Laws of 2009, no 157, item 1240, from now on referred to as: ustawa o finansach); **the titles of Polish acts should not be translated into English**,
 - f) references to electronic and Internet sources in accordance with the rules described in point a) to e).
If the electronic and Internet sources has no author and title, in parentheses should give the name of the website or database and year of publication, update or access, e.g., (Local Data Bank 2016);
- Explanatory footnotes, font 10 pts, paragraph indentation 0,7 cm, single spacing, justified; footnote numbering in superscript, using Arabic numerals;
- Continuous page numbering.

BIBLIOGRAPHY

- bibliography should be prepared using the Harvard system;
- font size 10 pts, the first lines of each bibliographic entry should not be indented, while the second and the consecutive lines should be indented 0,7 cm;
- sources should be arranged in alphabetical order (without numbering);
- if in the given year more than work by the same author was published, suffixes "a", "b", "c", etc., should be used to differentiate them;
- works by one author should be arranged chronologically (from the oldest to the most recent ones);
- description of monograph: last name and initial(s) of the name (s) of the author(s), (small caps), year of publication, title (italics), publisher and place of publication, e.g.:
PORTER M. E. 1999. *On Competition*. Harvard Business School Press, Boston.
- description of a collected volume: title (in italics), year of publication, abbreviations Ed./Eds., initial(s) of the name and last name of editor(s), publisher and place of publication, e.g.:

European Pork Chains. 2009. Eds. J. Trienekens, B. Pelersen, N. Wognum, D. Brinkmann. Wageningen Academic Publishers, Wageningen.

- description of a chapter in a monograph: last names and initial(s) of the first name(s) of the author(s) of the chapter (small caps), year of publication, title of the chapter (italics), abbreviation In: title of the monograph (in italics), initials of the first name(s) and last names of author(s) of monographs or editor(s) of collected volumes, publisher and the place of publication, e.g.:
KLEINMAN M. 2003. *The Economic Impact of Labour Migration*. In: *The Politics of Migration. Managing Opportunity, Conflict and Change*. Ed. S. Spencer. Blackwell Publishing, Malden.
- description of an article in a research journal: initial(s) of the name and last name of the author(s) (small caps), year of publication, title of the article (in italics), title of the journal, volume (number): article pages, e.g.:
STEAD D. 2014. *European Integration and Spatial Rescaling in the Baltic Region: Soft Spaces, Soft Planning and Soft Security*. *European Planning Studies*, 22(4): 680-693.
- description of electronic and Internet sources (documents):
 - a) description of a book on CD or a chapter from a book should be the same as in the paper version, indicating the type of electronic carrier, e.g.:
Kopaliński W. 1998. *Słownik wyrazów obcych i zwrotów obcojęzycznych*. PRO-media CD, Łódź [CD-ROM].
 - b) article in electronic journal: author's last name and first name initial (small caps), year of publication, title of the article (in italics), title of the journal, volume (number): article pages (if they are specified), online address or DOI, date of access, e.g.:
KOZAK S., OCHNIO E. 2016. *Did the financial crisis impact the level of investment efficiency of equity investment funds in Poland?* *EJPAU*, 19(2), <http://www.ejpau.media.pl/volume19/issue2/art-03.html> (access: 3.02.2016).
 - c) Internet sources (documents) including from Eurostat or GUS: title of the source (documents), date of publication, name of the portal, online address, date of access, e.g.:
Population on 1 January by five years age group, sex and NUTS 2 region. 2016. Eurostat, <http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=demo-r-pjangroup&lang=en> (access: 19.09.2016).
- description of reports, analyses, legal acts:
Informacja w sprawie zatrudnienia obywateli polskich w państwach Europejskiego Obszaru Gospodarczego i Szwajcarii oraz obywateli państw EOG w Polsce. 2011. Ministerstwo Pracy i Polityki Społecznej, Warszawa.
Ustawa z 20 kwietnia 2004 r. o promocji zatrudnienia i instytucjach rynku pracy, *Journal of Laws* of 2004, no 99, item 1001.
- description of unpublished works:
WIERZEJSKI T. 2010. *Makroekonomiczne determinanty internacjonalizacji sektora rolno-spożywczego w Polsce*. UWM w Olsztynie (doctoral thesis).

TABLES AND FIGURES

Tables and figures should be numbered using Arabic numerals.

Tables should be marked using:

- number (e.g., Table 1) – written to the right, over the table, font size 10 pts,
- title – placed over the table, centred, font size 10 pts,
- source – written underneath the table, font size 10 pts, in the form of a bibliographic reference, e.g.:
Source: PORTER (1998, p. 143); *European Pork Chains* (2009, p. 27, 29).

Or if the table was elaborated by the author: own elaboration on the basis of PORTER (1998, p. 143).

Illustrations, charts, maps, diagrams, etc., which are captioned as “Figures” should be marked using:

- number (e.g., Fig. 1.) – placed underneath the drawing, font size 10 pts,
- title – placed after the number of the drawing, centred, font size 10 pts,
- source – provided underneath the caption of the figure (analogously to the sources underneath tables).

References to figures and tables in the text should be made in the 1 to n sequence (in accordance with the numbering).

Figures should be prepared using software working in the Windows environment (e.g., Excel, Corel Draw). Figures prepared using other specialist software should be saved in the Windows Metafile format (.wmf), which allows importing to Corel. Units of measurement should be given according to the international SI system.

Mathematical formulas should be written using the formula editor for MS Word. They can be numbered (using Arabic numerals in parentheses, to the right, alongside the formula) and they have to be editable. All variables have to be explained underneath the formula, indicating which letter-based symbols are supposed to be normal, italicized or bold. Reference to a specific formula in the main body of the text should be made by placing the number of the formula in parentheses.