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## **ECONOMIC SITUATION IN SWIENTOKSHZYSKIE VOIVODSHIP COMPARED TO CHANGES IN POLAND**

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**Клепацький Б., Желязовська-Пшевлока А. Економічна ситуація у Свентокшиському воєводстві стосовно змін у Польщі**

*У статті аналізується економічна ситуація та її зміни у Свентокшиському воєводстві у порівнянні із ситуацією в країні в цілому у 2004-2011 рр. З цією метою автори досліджують тенденції змін ВВП, безробіття, інвестицій, обсягів виробництва продукції, кількості підприємств, розмірів доданої вартості, доходів і видатків бюджету воєводства. Хоча за рівнем економічного розвитку Свентокшиське воєводство перебуває на одному з останніх місць у країні, воно намагається зрівнятись у цілому з кращою загальнодержавною ситуацією.*

**Ключові слова:** *Свентокшиське воєводство, Польща, економічна ситуація, зміни.*

**Klepatski B., Żelazowska-Pshewłoka A. Economic situation in Swientokshzyskie voivodship compared to changes in Poland**

*The aim of the study was to define the economic situation and its changes in Swientokshzyskie voivodship in comparison to changes in the whole country in 2004-2011. To achieve it, authors analysed tendencies of changes in Gross Domestic Product, unemployment, investment outlays on fixed assets, sold production of the industry, number of businesses, gross added value and revenues and expenditures of the budget of the voivodship. Although Swientokshzyskie is ranked as the last one on the list of economic development, it tries to catch up with generally better situation in the country.*

**Key words:** *Swientokshzyskie voivodship, Poland, economic situation, changes.*

**Клепацки Б., Желязовська-Пшевлока А. Экономическая ситуация в Свентокшиском воєводстве относительно изменений в Польше**

*В статье анализируется экономическая ситуация и ее изменения в Свентокшиском воєводстве в сравнении со страной в целом в 2004-2011 гг. С этой целью авторы исследуют тенденции изменения ВВП, безработицы, инвестиций, объемов производства продукции, количества предприятий, величин добавочной стоимости, доходов и издержек бюджета воєводства. Хотя по уровню экономического развития Свентокшиское воєводство занимает одно из последних мест по стране, оно пытается сравняться с в целом лучшей общегосударственной ситуацией.*

**Ключевые слова:** *Свентокшиское воєводство, Польща, экономическая ситуация, изменения.*

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**Introduction.** Some diversification in development of regions can be observed in every country, although in less developed ones the differences are more noticeable. In such cases regions linked with the capital and several city agglomerations (in Poland these are Warszawa, Śląsk, Kraków, Wrocław, Gdańsk and Poznań) are in a better situation. Regions located further from political and industrial centres as well as from important communication and transportation routes are usually less developed.

Countries and societies intend to even development level of the whole country. They do not always succeed. The aim of this paper is to identify how regions lagging behind in social and economic development try to improve their situation.

Świętokrzyskie voivodship is situated in mid-eastern part of Poland and is considered one of the poorest regions in the country. It faces numerous social, economic and spatial challenges, which negatively influence the level of innovativeness. Unfavourable economic structure with very high employment rate in agriculture (20%

of employed) and still high share of industry are the most important of them. Significance of services has been increasing only recently. Industry in the region mostly represents low-technology, while there are only few high-tech companies. Voivodship has high unemployment rate and low, although slowly increasing Gross Domestic Product. General level of innovativeness is also low [1].

The most important problems influencing social and economic development of the voivodship are:

- low level of urbanisation and insufficient development of cities,
- unfavourable demographic changes resulting in 'greying' of the society,
- high unemployment rate in the voivodship, especially in rural areas,
- domination of ineffective branches of production in economic structure of the region,
- insufficient technical infrastructure, especially in rural areas,
- unsatisfactory development of institutions of business environment,
- low income of inhabitants, which is the main factor influencing business in the region,
- poor condition of transportation, gas and energy infrastructure,
- insufficient development of telecommunication infrastructure in the context of using fibre network for data transfer and Internet,
- location of the voivodship out of network of planned highways and limited number of high speed roads (only S7 [2] road) [3].

Generally, competition strength of the voivodship is very poor. Voivodship is rather unattractive for industry and services. Only Kielce

sub-region became attractive for high-tech business, as conditions to locate innovative activities in that area are relatively favourable. It is a typical situation for big cities. The Fifth Cohesion Report defines regions, just like most Polish voivodships, as at least capable of absorbing new technologies created in other centres and in need for investments connected with better education of labour force, with infrastructure and quality of business environment [1].

Świętokrzyskie is one of the smallest and least developed voivodships in Poland. It is also one of 20 least developed regions of the European Union. According to EUROSTAT data, it is one of five poorest regions of EU [4].

**Gross Domestic Product.** Gross domestic product (GDP) illustrates the final result of the activity of all entities of the national economy. The value of total annual GDP is calculated on the basis of estimating three categories equal with respect to macroeconomic values, specifying GDP by:

1) volume of production activity, GDP is the sum of value added of all institutional sectors or all sections of NACE of domestic production entities increased by taxes on products and decreased by subsidies on products,

2) final result of production activity, GDP is calculated as the sum of domestic demand, i.e. final consumption expenditure and gross capital formation as well as external balance of goods and services,

3) total expenditures on the generation of income account of the total economy (compensation of taxes less subsidies on production and imports, gross operating surplus and mixed income of the total economy) [5].

Table 1 shows Gross Domestic Product per capita in 2004-2010. Over that time, it increased in Poland by 54,61% and in świętokrzyskie by 58,15%, which proves that production activity of economic units in the voivodship and in Poland total were on quite a similar level.

It can be concluded, that GDP in świętokrzyskie reached 75-80% of this value for Poland. However there were significant differences in the course of changes of these two values.

Table 1

Gross Domestic Product per capita (inhabitant) in 2004-2010\*

Specification	Gross Domestic Product per capita [current prices in PLN]						
	2004	2005	2006	2007	2008	2009	2010
Gross Domestic Product per capita [PLN]:							
- Poland	24 219	25 769	27 803	30873	33462	35210	37 445
- świętokrzyskie	18 696	19 274	21 130	23 816	26736	27333	29568
GDP in świętokrzyskie compared to GDP in Poland [%]	77,2	74,8	76,0	77,1	79,9	77,6	79,0
Nominal value of GDP changes [current prices, %]:							
- Poland	-	6,4	7,9	11,0	8,4	5,2	6,3
- świętokrzyskie	-	3,1	9,6	12,7	12,3	2,2	8,2

\*Source: Local Data Bank, Regional accounts [5].

Over the analysed six years only in 2006, 2007 and 2010 świętokrzyskie achieved a higher pace of development than that for the whole country. It generally approached the average for the country by 1,8 pps, which allows to define evening of income differences at the level of 0,3 pps per year. It means that if current development trends continue, świętokrzyskie may reach GDP equal to national value in about 70 years (at the end of the 21<sup>st</sup> century). Although this calculation is rather simplified and not very precise, it tells the fact that in order to speed up this process and make the time of ‘catching-up’ shorter, decisive pro-development actions must be taken in the scale of the voivodship and the

country (especially towards less developed regions).

**Unemployment.** Unemployment occurs when people able to work, seeking it and accepting salaries offered in the labour market cannot find jobs. Unemployment rate is a basic measure of unemployment. It is calculated as a ratio of the number of registered unemployed and the number of active population (i.e. capable of taking up a job in certain conditions defined by law). The latter group includes all people at the age between 15 and 65 (men) or 60 (women), also the unemployed [6]. Unemployment rates in świętokrzyskie and in Poland are presented in table 2.

Table 2

Registered unemployment rate in 2004-2011

Specification	Registered unemployment rate in [%]							
	2004	2005	2006	2007	2008	2009	2010	2011
Poland	19,0	17,6	14,8	11,2	9,5	12,1	12,4	12,5
świętokrzyskie	22,0	20,6	17,7	14,9	13,7	15,1	15,2	15,3
Difference [pps]	3,0	3,0	2,9	2,7	4,2	3,0	2,8	2,8

pps – per cent points

Source: Local Data Bank, Labour market [5].

In 2004-2008 unemployment rate in Poland decreased by 9,5 pps and in świętokrzyskie by 8,3 pps. In 2009-2011 unemployment rate increased in Poland by 3 pps, and in świętokrzyskie by 1,6 pps. According to the results of the analysis the unemployment rate in świętokrzyskie was changing similarly like in the whole country. However, it was usually higher in this region by [2,8; 4,2] (most often by 3,0) pps.

**Investment outlays by fixed assets.** Investments in further development are a good indication of economic situation of a country and a region. According to the assumption that “investment is a consumption delayed in time”, it may be concluded that investors look for such locations where they can expect the highest rate of return from invested capital. Choosing a location (in this case świętokrzyskie voivodship) as an optimal one for investment proves region’s advantageous development prospects. So it may be concluded that active investing in some region is on one hand a positive opinion of its condition, and on the other hand expression of expectation of its further development.

Investment outlays on fixed assets comprise:

- buildings and installations (including buildings, premises and complexes of hydro engineering), and – among others – construction and assembly works, projects and cost-planning,
- machines, technical equipment and tools (including devices, equipment and movables),
- means of transportation,
- other, i.e. detailed drainage, costs of buying land and used fixed assets, live stock (basic herd) and several year plantations, as well as interests on investment credits and loans during realisation of the investment [7].

Table 3 presents investment outlays on fixed assets in Poland and in świętokrzyskie in 2005-2011.

*Table 3*

**Investment outlays on fixed assets 2005-2011**

Specification	Investment outlays on fixed assets [billion PLN]						
	2005	2006	2007	2008	2009	2010	2011
Value of investment outlays [billion PLN]:							
- Poland	79,2	81,2	105,0	111,9	94,1	89,2	99,8
- świętokrzyskie	1,6	1,1	1,7	2,8	2,3	1,8	2,0
Share of investments in świętokrzyskie in total investment in Poland [%]	2,0	1,4	1,6	2,5	2,5	2,0	2,0
Pace of changes in investment outlays [previous year = 100]:							
- Poland	-	102,5	129,3	106,6	84,1	94,9	111,9
- świętokrzyskie	-	71,2	152,2	163,6	84,4	77,6	109,1

*Source: Local Data Bank, Investment and assets [5].*

In 2005-2008 investment expenditures in Poland increased by 41,3%, while in 2009-2010 they decreased by 5,1%, and in 2011 they increased again by 11,9%. In 2005-2006, in świętokrzyskie, investment expenditures decreased by 28,8%, in 2007-2008 they decreased by 63,6%, in 2009-2010 they decreased again by 23,3%, and in 2011 they increased by 0,07%.

Statistics show that investment outlays on fixed assets in świętokrzyskie were fluctuating. Their share in this kind of investments in the whole country equalled from 1,4% to 2,5%. Tendencies of changes in the region were similar to those in the whole country. However, it can be noticed that in years of economic boom dynamics of investment in the region was higher than the average one for Poland, while during crisis it decreased rapidly. It means that

świętokrzyskie voivodship is more vulnerable to changes in economic situation of the country than the average for Poland.

**Sold production of industry.** Sold production of industry is a basic measure of economic activity (including industry, construction and assembly, transport) of industrial companies [5].

Table 4 shows indices of dynamics of sold production of this industry in 2005-2011.

In 2005-2006 the increase of the analysed value in Poland equalled 7,6 pps, while in świętokrzyskie 8,2 pps. In 2007-2009 we can observe its decrease by 11,8 pps in Poland and by 19,2 pps in świętokrzyskie. In 2010-2011 it decreased by 1,9 pps in Poland, but it increased by 0,1 pps in świętokrzyskie. Generally it can be concluded that the dynamics index of sold production of industry was advantageous.

Table 4

**Sold production of industry in 2005-2011**

Specification	Index of dynamics of total sold production of industry [in fixed prices]						
	2005	2006	2007	2008	2009	2010	2011
Poland	104,1	112,0	109,8	103,5	96,8	109,8	107,7
świętokrzyskie	106,6	115,3	112,1	105,5	90,6	108,5	108,6
Index of dynamics of total sold production of industry – industrial processing [in fixed prices]							
Poland	104,3	114,2	110,9	104,0	97,3	111,1	108,3
świętokrzyskie	109,3	114,0	111,3	106,1	92,1	107,7	110,7

Source: Local Data Bank, Industry and construction [5].

Only in 2009 the sale decreased, which was connected with the worldwide crisis. In a long run it can be noticed that the industry both in Poland and in świętokrzyskie was in a good position despite the pressure of the international economic crisis. At the same time the table shows that over the analysed years the dynamics index of sold production of industry showed similar tendencies both in Poland and in świętokrzyskie voivodship.

**Economic entities.** An economic entity runs economic activity based on so called entry in the register of economic activity in commune office. The entry defines the kind of activity, location and personal data of the owner. The economic entity can be a natural person, legal person or another entity established in accordance with the law, provided economic activity was the aim of establishing it [8]. The number of economic entities functioning in 2005-2011 is presented in table 5.

Table 5

**Number of economic entities in 2005-2011**

Specification	Number of economic entities in:						
	2005	2006	2007	2008	2009	2010	2011
Poland							
total	3615621	3636039	3685608	3757093	3742673	3909802	3869897
0-9	3436841	3455565	3502303	3568137	3548354	3713677	3674970
10-49	145745	147393	150128	154833	159705	161550	160851
50-249	28343	28406	28462	29323	29730	29731	29340
250-999	3896	3863	3911	3996	4057	4033	3922
1000 and more	796	812	804	804	827	811	814
Świętokrzyskie							
total	104416	106312	106904	108399	105678	108715	105906
0-9	99439	101265	101776	103153	100240	103228	100470
10-49	4045	4111	4189	4298	4476	4512	4477
50-249	803	808	814	826	838	849	833
250-999	108	108	105	101	104	105	105
1000 and more	21	20	20	21	20	21	21

Source: Local Data Bank, Economic entities [5].

In 2004-2008 the total number of businesses increased in Poland by 3,9%, and in świętokrzyskie by 3,8%. In 2009 there was a slight decrease in the number of economic entities (in Poland by 0,4%, in świętokrzyskie by 2,5%).

In 2010 the number of businesses increased again (in Poland by 4,5%, in świętokrzyskie by 2,9%). In 2011 this number decreased: in Poland by 1,0%, and in świętokrzyskie by 2,6%.

Majority of enterprises employed from 0 to 9 employees, and the least businesses employed more than 1000 employees. Findings prove that

in Poland and in świętokrzyskie tendencies of changes were similar.

**Gross added value.** Gross added value is a value of products (commodities and services) made by domestic market and non-market units, decreased by intermediate consumption resulting from production process [5]. Table 6 shows gross added value in 2004-2009. In 2004-2009 gross addend value per 1 working person increased in Poland by 33,3%, and in świętokrzyskie by 35,8%. Results of the analysis show that production increased both in Poland and in świętokrzyskie similarly.

Table 6

**Gross added value in 2004-2009**

Specification	Gross added value per 1 working (PLN)						
	2004	2005	2006	2007	2008	2009	2010
Poland	63661	66541	70696	75550	78778	84895	n.d
Świętokrzyskie	48143	48744	52569	57236	61860	65368	n.d

*n.d.* – no data

Source: Local Data Bank, Regional accounts [5].

**Revenues and expenditure of the budget of the voivodship.** Budget of a voivodship is a financial plan, i.e. a register of forecasted revenues and expenditures of decision-making and executive units of the voivodship as well as organisational units (so called budget units) directly subject to them, which are Voivodship Office,

regional schools in the voivodship, pedagogical libraries, centres for teachers' professional improvement, concert halls, theatres, hospitals. Budget of the voivodship is passed as a budget bill for the whole budget year, which is equal to a calendar year [9]. Revenues and expenditures of these units are presented in table 7.

Table 7

**Revenues and expenditures of the budget of Świętokrzyskie voivodship in 2004-2010**

Specification	Total revenue per capita (PLN)						
	2004	2005	2006	2007	2008	2009	2010
Poland	182,56	185,17	248,76	297,75	332,15	512,36	369,34
Świętokrzyskie	155,38	134,20	215,68	269,54	375,67	616,51	410,61
Total expenditure per capita (PLN)							
Poland	153,58	198,83	262,98	291,01	341,14	536,48	399,22
świętokrzyskie	139,42	133,43	199,80	244,63	293,71	593,40	442,26

Source: Local Data Bank, Revenues and expenditures of budgets of territorial self-governments [5].

Presented data show that in 2004-2010 total revenue per capita increased by 102,3% in Poland and by 158,5% in świętokrzyskie, but in 2010 it decreased by 27,9% in Poland and by

33,4% in świętokrzyskie, when compared to the previous year. Total expenditure per capita in 2004-2010 also increased: by 159,9% in Poland and by 302,9% in świętokrzyskie. The

expenditure decreased in 2010 (in Poland by 25,69%, in świętokrzyskie by 25,5%), similarly like in the case of revenues. It requires further analysis.

**Conclusions.** Development tendencies in świętokrzyskie were similar to those in the whole country.

1. In 2004-2010 economic situations both in Poland and in świętokrzyskie improved. Such analysed statistics as Gross Domestic Product per capita, gross addend value per 1 working person, number of economic units and revenues per capita increased, while unemployment rate decreased.

2. Investment expenditures by fixed assets as well as index of dynamics of total sold production

of the industry fluctuated. These two values were strongly connected with business cycles in global markets and in Europe.

3. In 2009-2011 economic situation got worse. Unemployment rate increased and revenues per capita decreased.

4. Concluding, less developed regions even development disparities very slowly and they are more vulnerable to general economic situation. In conditions of economic boom, they are able to achieve very good development effects, but their reaction to recession is worse than that of better developed regions.

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