The search for factors driving the development of territorial units has intrigued scholars for many years (Blakely 1994; Blakely and Bradshaw 2002; Perry 2010). The scientific discussion revolves around two main questions. The first one refers to the set of factors responsible for growth (e.g. Higgins and Savoie 1997; Malizia and Feser 1999; Kresl 2013; Caragliu and Del Bo 2015). The second question focuses on how various factors affect development (e.g. Vanhove 1999; Scott 2000; Scott and Storper 2003; Olsson et. al. 2015). The concepts of regional development and local development are also subject to analysis and discussion, thus illustrating how complex the problem is. The concept of the value chain of a commune, which is presented in this paper, fits into the discourse on both development factors, and the development of regions and smaller territorial units.

The value chain of a commune versus the value chain of a company

The phrase ‘value chain’ in the context of local government units, relates to the idea of the value chain of a company that was proposed by M.E. Porter (2001). It is worth mentioning that the concept focuses, in its essence, on a company considered to be an integrated whole (de Wit and Meyer 2010). The efficiency of a company is increased by improving the quality of areas where the various activities of the company meet. Porter (2001) mentioned eight such activities, divided into two groups: the company’s infrastructure, human resources, technology and procurement (classified as resources); and inbound logistics, operations, outbound logistics, marketing and sales (classified as processes).1 High efficiency (effectiveness) achieved through an emphasis put on quality and innovation at points where ‘resources and processes’ intersect, should result in the expected profit margin. It is not the first time, and probably not the last, that an economic approach has proved to be so inspiring for scholars studying developmental processes in territorial systems, as well as for professionals dealing with, for example, the management of public organizations.

The idea of analysing several factors that affect the development of communes derives from the study of the passivity of communes conducted in 2005–07 under my supervision. According to the work of Putnam (1993) the study focused on the low activity of local governments in applying for European funds. Based on the study one could draw conclusions of much broader significance. The most important conclusions concerns the following issues (Dziemianowicz 2007, pp. 157–158):

• Local authorities use various instruments to stimulate development, but the intensity of their use depends to a lesser extent on the education level of the leader, and to a greater extent on the local political culture and leadership style (see also Swianiewicz, Dziemianowicz, Mackiewicz 2000; Landry 2013). Of course, the educational background of a leader is important; however, the differences observed between the most active and the most passive communes were slight.

• In cases where we deal with the passivity of a local government, a positive impact on outcomes can be exerted by active local political circles and local social institutions (e.g. Morse 2014). However, when local authorities are passive one usually also encounters institutional underdevelopment. Therefore, it can be assumed that the passivity of authorities is a derivative of a passive community.

1 Porter’s chain is not the only concept of this kind. Another example is ‘a value chain understood as a sequence of activities’ proposed by the McKinsey company (see Obloj 2007).
There is a strong correlation between the amount of foreign funds that have been obtained and the economic level of communes. The wealthier the local government is, the more funding per capita it obtains (Swianiewicz 2006). Among the poorest communes, the most common are those that have not acquired any foreign funds. Studies also indicate a weak correlation between the amount of funds raised and previous experience in applying for, as an example, pre-accession funds.

Based on the above, I formulated the hypothesis that the key issue for a territorial unit will be recognizing its strengths and weaknesses as well as the opportunities and threats within a system of ‘internal factors–external factors’, while also including the time factor in the analysis (Fig. 1).

All links in the value chain listed in Fig. 1 will be characterized in the next part of the paper. Nevertheless the phrase ‘expected value of a community’ needs to be specified at this point. Why ‘expected’? Recent years have brought attempts to define development in different contexts, for example, in the context of competitiveness (Perry 2010; Capello 2011; Kresl 2013; Andesson et al. 2015), creativeness (Florida 2002; Landry 2013), quality of life (Pengfei et al. 2013), or institutional efficiency (Łukomska 2012; Frenkel and Maital 2014; Fukuyama 2015). However, postulates by B. Domański (2004, p. 19) are still thought provoking. He appeals for the rejection of several misleading beliefs. Among these he lists the belief that development is the goal of public authorities and is a necessity. Another misconception identifies development with progress. Domański also draws attention to the fact that there is a tendency to treat development factors in a geographically universal way (not all types of regions can be characterized in the same way).

Taking the above into consideration, it has been assumed that each of the links in the chain has many meanings. The expected value of a commune (region) is likely to reconcile two approaches. On the one hand, nowadays ‘everyone competes’ and competition has become an imperative at all levels of government (see National Strategy of Regional Development 2010–20). On the other hand, more and more attention is being paid to locality, quality of life, and satisfaction with living conditions, which highlights the diversity of expectations in local communities. In the value chain of a commune, the expected value is a consequence of the leader’s adopted vision of development, together with the internal environment, both of which are under strong pressure from the external environment. Since; however, the poor remain poor (Landes 2000), it is worth considering other, quite individual paths that lead to the satisfaction of local communities.

History should be experience...

History is important, but only when it affects us in the ‘here and now’. The past that is unimportant, forgotten, and does not affect today’s social behaviour does not constitute an element that provokes us into thinking about the possibilities for the commune’s development. It is often depicted in communes’ promotional literature (including that in the form of investment offers aimed at investors), which contains, for example, information about how many centuries ago a given town was founded. This historical fact will be irrelevant to today’s development strategy unless it has other significant consequences. The fact that an important battle took place in the area will remain only ‘passive’ historical information unless someone ventures to create a tourism product connected with this fact. Only ‘experiencing’ history for real will bring about certain effects. In this spirit, three phenomena are presented that relate to the past in the value chain of a commune.

In the case of a leader it is his own experience. At the beginning of the transformation in Poland, a very popular thesis was born in which it was stated that communes that manage best are those who can ‘empathize’ with the needs of entrepreneurs. Commune councils with a large proportion of entrepreneurs were sought, and leaders originating from the business sphere were nominated in line with the theory that a commune should be run like a company. This idea has fitted in with the still fashionable concept of ‘a learning region’ (Perry 2010), or the more modern concept of ‘an entrepreneurial region’ (understood as smart specialization, which will be discussed later in the paper). However, can one really claim with certainty that this correlation is effective? Based on the latest research findings at least two issues are disputable. Firstly, one should note the many successes achieved by communes that are not managed by entrepreneurs. Secondly, it is difficult to find a direct relation between the educational background of the leader and the level of the commune’s development.

Therefore, it seems to be a reasonable argument that – in a historical context – the professional background of the leader is less important than his/her experience, which can be used in current work. It is therefore necessary to include in the analysis of development factors such elements as:

- the leader’s attitude towards the relationship between a commune and the centre (the capital of a given voivodeship, the capital of the country);
- the leader’s attitude towards different models of national development policy (reducing disparities, supporting competitiveness of the regions);
- professional experience gained by the leader that helps him ‘be a leader’ and to pursue a policy of development (see also Morse 2014).

Figure 1. The value chain of a commune (region)
Source: Dziemianowicz 2007, p.159 (modified)
The internal environment, understood as a community of people living in a given commune and the institutions created by them, should be viewed in a historical context through the prism of social capital, i.e. social mobilization, entrepreneurship, emotional ties (see also Putnam 1993, 2008). The concept is fairly hard to grasp and is still sometimes confused with the concept of human capital. In the case of human capital, the emphasis is put on education, whereas social capital should be understood as the set of features that make it possible for a community to generate behaviours contributing to the development, or causing stagnation, of a commune. It is necessary to emphasize that social capital is often analysed from two perspectives. The first one focuses on the capital of a given individual. The social value of an individual is his or her ability to evoke changes in the social and economic environment through relationships with others. The other approach – which can be called an institutional approach – says that social capital should always be considered in the context of specific communities and what they are able to generate. It is worth noting that the concept of social capital understood in this sense leads to different classifications. In the literature on this subject we come across concepts of bonding capital and bridging capital, association capital and mobilization capital, as well as rankings of, for example, voivodeships, showing high and low levels of social capital (see also Herbst 2007).

The last element of the historical section consists of external conditions. According to management theory, the external environment not only affects a given organization and is subject to strategic analysis, but is also regarded by many as the major causative factor of an organization’s existence and operations. Around this idea, such theories developed as: the contingency theory, the resource dependence theory, and the theory of population ecology (Hatch 2002), which in various ways prove that each organization is strongly affected by its relationship with its environment. This approach was also introduced into the fields of geography and spatial development. Historical, external pressure can be both positive and negative but the most important thing is that historical conditions may have a noticeable effect on what happens in a given commune in the present day.

The present – our strengths and weaknesses

The external environment also exerts pressure on the organization in the present context. There are numerous examples of such pressure; and local and regional authorities are fully aware of it, which is proved by the SWOT analyses they have carried out. Among external conditions, the most commonly described factors are legal and political conditions originating at a higher level – mostly national. In this context, current preferences in locations for business, or trends in public spending of, for example, European funds, are also indicated (see also Szmiigel 2007).

The factor affecting the development opportunities of a given unit is the way in which it responds to impulses from the outside. Therefore, in the case of a local leader it is, above all, his knowledge and skills that should be important for managing the unit as well as activities undertaken as part of development policy.

Regarding the internal environment, the concept of the value chain indicates cooperation as the key feature. The importance of cooperation for regional and local development manifests itself in a number of theories, including the network theory and the theory of governance (see also Dziemianowicz, Szmiigel-Rawska 2010; Łukomska 2012). The practice in recent years shows that a leader should, on the one hand, initiate networks and on the other, join existing ones (see also Leydesdorff 2012). Participatory budgeting is a striking example of how local leaders are prompted to cooperate. The situation in which communities mobilize to solve various local issues is a natural consequence of the crisis experienced due to the bureaucratic approach. Over the years the involvement of non-governmental organizations has become increasingly visible. Their role as an important partner in carrying out development policies is emphasized by many authors (e.g. Amstein 1969; Harvey 2012). It can be assumed that external networks (metropolitan networks are often highlighted when talking about metropolitan areas) and networks functioning within a given territorial unit may be equally crucial for a commune. From this point of view the ability of different communities to self-organize is also very important (Harvey 2012).

In Poland, one may still observe the weak organization of local governments. With a few exceptions in big cities, in general, there is a great need to shape a culture of cooperation. The cooperation between non-governmental organizations seems much better. However, even this may be described as an exemplary cooperation in only a few cases.4

Future shaped by a vision

Today – taking into account a certain continuity of phenomena and processes – one can specify factors that will be crucial for development (in a general sense) in the near future. This is a manifestation of external pressure. It could be claimed that innovation has always been the key factor in development, so it should also remain so in the future (Landes 2000). Therefore, how should communes and regions respond to such a dilemma that has been put before them: ‘be smart or perish.’ Do the two components highlighted in the concept of the value chain of a commune, that is ‘a vision’ characterising the leader and the ‘trust’ assigned to the internal environment, make it possible to look optimistically toward the future?

At least a couple of arguments support the presented determinants of development. In relation to the leader, a vision of the future is probably one of the most desired features, if we consider it from the point of view of the organization’s management (see Obłój 2007). As S. Covey (2003) wrote: ‘begin with the end in mind’. It should be stressed that in the light of the key factors outlined, which will play an important role in the future, not every commune can afford a vision including innovation in its general sense. It is difficult to assume that a commune that has neither scientific background nor institutions supporting innovation will, in the near future, become a strong centre of growth relying on the relationship between business, science and research, and development centres. However, innovation can be understood in a wider sense, and examples show that at the local level one can observe possibilities for innovative behaviour in the context of processes of a given unit (imitation). Thus, the vision may refer to other processes that a given commune will use innovatively in order to achieve success in the future. Certainly, these processes may be associated with increasingly popular social innovation, social entrepreneurship, quality of life and the search for niche markets (Jędrzych 2013; Morse 2014).

The last element belonging to the value chain is trust. Trust has been assigned to the internal environment for several reasons. First of all, it is good when a leader is trusting and trustworthy (Hardin 2006). However in this dimension it only applies to an individual, whereas one should expect a prevalence of trust. The importance of the prevalence of trust has been noted by economists (though not by all to the same degree), and is clearly described by Akerloff and Shiller (2010). In this case the concept of a ‘trust multiplier’ is very interesting, and can probably be associated with a cumulative causation. Just as trust between two people can grow through group systems, then institutional

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4 E.g. SWOT analysis
3 cf. Podlaskie Voivodeship Development Strategy 2020
4 Such a network is being built by the Elbląg Association for the Support of Non-Governmental Initiatives.
configurations and finally through systemic ones; growth may similarly degenerate due to a loss of trust in certain institutions or social groups. Secondly, trust is conducive to cooperation and refers to the future (Sztompka 2007). Cooperation may be based on common interest, but even then it is important to feel secure and sure that we will not be deceived (which comes from the feeling of trust). Thirdly, it is important that the internal environment trusts the leader, because only then can it support him when implementing even the boldest of visions.

The network theory has been developed by a number of scientific disciplines. Study on multi-node relationships is carried out in sociology, political science, management, economics, geography and spatial development (Griffin 2004; Dziemianowicz and Szmigiel-Rawska 2010; Perry 2010; Giuliani 2011; Giddens 2012; Castells 2013). Regardless of the research field, the following elements of the analysis remain unchanged:

- **Network nodes:** understood as individuals, social groups, but also institutions, companies, etc. The analysis can involve both the importance of nodes for the network, as well as their placement, e.g. nodes within the organization, external nodes.
- **Relationships between nodes:** this can be boiled down to ‘flows’, i.e. interaction. Flows determine what a given network means for each node.

In order to describe a network, both nodes and relationships are analysed, hence the following features of a network are important: structure, types of nodes and their role, types of relationships and their role, transferred resources, as well as the attitude of the nodes.

The concept of smart specializations is probably the most important determinant – in the context of development policy – when thinking about the nearest future (Foray 2015; Morgan 2015). The fact that it serves all EU regions as the basis for the spending of funds for purposes related to innovation, does not prove that this concept is correct, but only shows how important and practical it is.

The essence of the concept of smart specializations is to build upon regional strengths while creating a competitive advantage on a global scale based on advanced innovation. A close connection between research and development activities, and also between human capital and the specificity of economic conditions in each region, should lead to specialization in individual regions (Foray 2009, 2015). Forcing specialization (differentiation) should help to avoid spending funds in the same area (avoiding internal competition within the EU). The concept of smart specializations is addressed to all regions, both highly developed and peripheral ones.

An important place in the concept is taken, not only by the cooperation between business and science, but also by the interregional cooperation based on the complementarity of potentials. Regardless of the prevalence of the ‘smart’ approach there is no shortage of sceptics who claim that smart specializations are in fact nothing new. They refer to comparative advantages; emphasize innovation and cooperation networks; and talk about the relationship between business, science and business environment (Dziemianowicz and Peszt 2014).

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**Figure 2. The value chain of a commune in the context of three development concepts**

Source: own elaboration

<table>
<thead>
<tr>
<th>Units</th>
<th>Links in the value chain of a commune</th>
<th>Expected value of a commune</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leader</td>
<td>Experience</td>
<td>Vision</td>
</tr>
<tr>
<td>Internal environment</td>
<td>Social capital</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Path dependency</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cooperation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Trust</td>
<td></td>
</tr>
<tr>
<td>External environment</td>
<td>Time</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Historical pressure</td>
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</tr>
<tr>
<td></td>
<td>Current pressure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Future pressure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td></td>
</tr>
</tbody>
</table>

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Do these three concepts enrich or challenge the assumptions of the value chain of a commune? It seems they highlight how diverse and complex the possible responses might be, by leaders wishing to realize their visions. In the practice of executing a strategy in order to pursue the expected value of a commune, decisions taken in a number of problem areas are important.

The first of these concerns the question: What path has a given territorial unit taken? This fundamental question must be answered by taking into consideration the division of internal and external environments throughout the whole temporal span of the chain. In the case of internal factors, two aspects are important: on one hand the role and causative force of internal factors in strengthening the path, and on the other hand the reaction of the internal environment to the path chosen (e.g. Grabher 1993).

Specifying the beginning of the path will give a reliable answer to the question concerning in what area we need to intervene to make possible changes. Bold visions of development may refer to changing the path. In such cases a reliable historical analysis is important in order to assess, for example, the susceptibility of internal resources to the challenges that are associated with changing the path. A dramatic change in the path, so it seems, may be mainly the effect of a very strong impact from external factors (Martin and Sunley 2008; Martin 2009). Each evolutionary activity within a commune will consist of more or less conscious steps along the path initiated earlier.

The network concept interests me primarily in terms of the present time, although, of course, the development of network systems provides a picture of the past, but also allows us to formulate theories on the possibility of achieving goals in the future. Therefore networks are very good at combining the past, the present and the future – especially when we talk about innovation-based development, and close relations between business and science (Ter Wal and Boschma 2011; Castells 2013; Ballard et al. 2014). In the context of the network, the key question seems to be: What kind of nodes and what type of flows between them, will lead us to the expected value of a commune most effectively? One of the nodes is the leader, but also the internal and external environment must be clearly defined. It seems that defining nodes should focus on single key actors in the local and regional scene, not on groups of institutions (e.g. entrepreneurs, administration).

Flows should be assessed in terms of the effects that a given network brings to its participants. Networks also have their life cycles, which is why it is important to monitor them constantly, and repeatedly answer the question as to whether our presence in the network brings us closer to the goals we have identified.

The last, and third area concerns smart specializations and involves asking the question: How should we react to the trend called intelligent specializations? Is following the path of strong relationships between business and science the answer to all strategic objectives, in all territorial units, despite the clear signal at the level of European and national policies (see Europe 2020; Szlachta 2011)? Do we knowingly enter this path on our own, or do we rather succumb to the external environment? In response to these questions we should use the key that is our own vision.

The external environment gives us a clear signal – smart specializations will be the prime focus of interest when we talk about economic development, competitiveness and innovation. However, conditioning vision and objectives only with respect to external factors is certainly a mistake. Regardless of the amount of funds a commune is able to attract, the main economic and financial strength still usually lies in local and regional companies.

Final remarks

The concept of the value chain of a commune on the one hand still relates to the concepts and theories that belong to the mainstream discussion on regional and local development, but on the other hand it enables us to interpret these theories in a slightly different light. Abandoning the concept of competitiveness as well as the disputable concept of development and replacing them with the term ‘expected value’ creates opportunities for those communes that have always taken low positions in the various lists and rankings, and certainly do not have much chance of high competitiveness.

Regardless of the high attractiveness of the smart specialization concept, it seems that the crucial development questions are the following: Who will implement the local policy and how will it be implemented (not only leaders); and how to generate the highest synergy from local networks? Moreover, as there are no elements of local innovation, how shall we necessarily try to change our development path?

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