

## UNEMPLOYMENT AS A CHALLENGE FOR LOCAL SELF-GOVERNMENT UNIT ON THE EXAMPLE OF CITY OF CZĘSTOCHOWA

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**Abstract:** The aim of this article is analysis of the problem of unemployment in contemporary self-governments on the example of city of Częstochowa. Local government unit management is a long and composed process, which requires knowledge and involvement. Cities are compared to the organization very often, it has both advantages and disadvantages. Unemployment is an important problem which remains unresolved. It has a negative impact on entities, and consequently affected on the entire common, especially if the level of unemployment is significant. In article was presented examples of actions undertaken by self-government in order to activate of the labor market in Częstochowa.

**Keywords:** labour market, management of local government unit, unemployment.

## BEZROBOCIE JAKO WYZWANIE DLA JEDNOSTKI SAMORZĄDU TERYTORIALNEGO NA PRZYKŁADZIE MIASTA CZĘSTOCHOWA

**Streszczenie:** Celem artykułu jest analiza problemu bezrobocia we współczesnych samorządach na przykładzie miasta Częstochowa. Zarządzanie jednostkami samorządu terytorialnego to długi i złożony proces, wymagający wiedzy i zaangażowania. Miasta są często porównywane do organizacji, podejście takie ma zarówno zalety jak i wady. Bezrobocie jest ważnym problemem, który zostaje nierozwiązany. Ma to negatywny wpływ na jednostki a w konsekwencji na całe wspólnoty, zwłaszcza jeśli poziom bezrobocia jest wysoki. W artykule zostały zaprezentowane przykłady działań podejmowanych przez samorząd w celu aktywizacji rynku pracy w Częstochowie.

**Słowa kluczowe:** rynek pracy, zarządzanie jednostką samorządu terytorialnego, bezrobocie.

## 1. Introduction

Self-government, as a specific unit functioning in the economy, should ensure the social development and equitable living conditions for its inhabitants. Unfortunately, it often struggle with the problem of unemployment. Local government unit, to the certain extent, is responsible for the situation in the local labor market. But it gets the chance to influence this state through the divers tools and initiatives. Responsible local authorities, also using the specialized units, take action in order to activation the local market. They counteract this phenomenon and thus minimize the level of unemployment. Only a coherent management and considered strategy of combating this phenomenon will improve the local community situation and, consequently, local development. In article was presented the analysis of the problem of unemployment in contemporary self-governments and actions undertaken by city of Czestochowa in order to activate of the local labor market.

## 2. Management of territorial unit

There are many challenges before a management of modern local government unit. Communes consist of many elements, which form an consistent unity. These elements are dependent on others in many aspects. Analyzing the management process in a municipality, it is often perceived in a similar way to the management of the organization. This leads to perception of local government units as a specific territorial organization. This phenomenon has a lot of advantages, because it allows to transfer methods and processes from organizations to communes. It also has many disadvantages, because organizations and municipalities differ from each other in many areas. The most important problems connected with perceiving the city as a territorial organization are presented in Table 1.

It is important to remember that municipality management is area which is characterized by few featured (Marcełko, 2014, p. 146):

- it is specific subject of recognition, evaluating, shaping and using,
- it is a participant in social, economic, cultural and environmental reality,
- it is a whole consisting of different parts,
- it is a comprehensive and complex information exchange system.

**Table 1.***City as an organization*

<b>Trade subsystems of city as a territorial organization</b>	<b>Crucial problems of city management</b>
Maritime Environment Protection Subsystem: - cultural environment; - natural environment.	Recognition of resources: - capital of the spatial environment; - attractiveness for the migrant population; - tourist attractiveness of territory.
Environmental development subsystems – investment policy: - functional – spatial and economic relations of city with suburbs; - development and spatial planning of city; - recognition of scale of areas requiring revitalization; - green areas and cemeteries as elements of environment; - technical infrastructure and municipal economy; - transport, road building and maintenance.	Recognition and shaping of space: - accessibility and connectivity with surroundings in regional scale; - conditionings and potential of spaces; - scale of necessary revitalization processes . Recognition and shaping of technical infrastructure: - quality of the inhabitants life; - wealth and efficiency of infrastructure in regional scale; - attractiveness of city and surroundings for migrant population.
Demography: - processes taking place in the area of the city; - processes taking place in the surroundings.	Recognition of resources: - human capital; - building the attractiveness of the city and the suburbs; - impact on the quality of natural environment, economy and social infrastructure.
Social security subsystems: - healthcare; - social assistance for people threatened by social exclusion; - public safety.	Recognition of resources: - quality of life; - social exclusion; - social capital; - attractiveness for the migrant population.
Social development subsystem: - education of the population; - culture; - recreation.	Recognition and shaping of social infrastructure: - increase of life quality; - increase of attractiveness for the migrant population - creation of conditions conducive to economic development.
Subsystems concerning the Organizing Socio-Economic Life: - supporting social and economic development; - supporting entrepreneurship; - science and innovative character of the economy; - impact on the labor market.	Support of processes involving: - economic potential of the territory; - openness for a „new economy” - human resources; - combating the unemployment,
Management subsystems: - conducting of analyses and forecasts concerning social, economic and spatial situation of city and suburbs; -current management; - information and social communication; - territorial marketing; - public finances.	Efficiency of territorial unit management: - development management; - management of the current functioning of the territorial unit; - evaluation of policy efficiency.

Source: Noworól, 2011, p. 34-35.

The aim of the management of a self-government is a reassurance of its proper functioning, development and countermeasure of economic, social and environmental problems. Unfortunately unemployment is still a unsolved problem despite numerous actions and solutions.

### 3. Unemployment as one of the important issue of modern cities

Unemployment is an important issue for contemporary cities. Many people remain even long-term unemployed, despite continuous economic development. This phenomenon is accompanied by the uncertainty of the existing organizations. Both employees and employers have problems dealing with uncertainty. The lack of ability to deal with uncertainty affects both employees and employers, because not everyone can adapt to the changing labor market. They prefer the stabilization, which can lead to problems with finding an adequate job (Bieńkowska, 2014, p. 84).

According to the Central Statistical Office and Eurostat, the unemployed is a person between 15 and 74 years old, who was not a working person during the examined week, but she was actively searching for work and was ready to taking a job during the week of the study and the next one. People who were expected to work for no more than three months were also taken into consideration as an unemployed. While daytime learners are not included in the unemployed group (<http://rynekpracy.org/x/307978>).

Unemployment is defined as the phenomenon of the lack of paid work among people in a specific age range and job seekers and ready to take a job. This is also a denial of employment. Unemployment arises when demand for labor is less than its supply. This means that a certain number of people who are able to work and want to work cannot find employment (Staszewska, 2012, p. 18-19). There are several types of unemployment that are listed in Table 2.

**Table 2.**  
*Types of unemployment*

<b>Types of unemployment</b>	<b>Characteristic</b>
Frictional unemployment	Minimum level of unemployment, which is impossible to reduce. This type of unemployment is occurring all the time. It is caused by people who change jobs or are unable to work at a particular time for a specific reason, for example payment is not satisfactory or work is too far from home. Sometimes unemployment is arisen from the ignorance of job seekers about the possibility of taking their job.
Cyclical unemployment (Keynes' unemployment)	It is a result of decrease of a global demand and too slow adapting of prices and wages to new situation. Lack of demand for the goods leading to the reduction of production and consequently to layoffs. This kind of unemployment is especially popular during economic crisis.
Classic unemployment	Work, which is offered by employers does not exceed a certain level of pay.
Structural unemployment	It is a result of a discrepancy between the supply of labor and the demand for labor. It often results from technological changes and evolution of production structure.
Seasonal unemployment	It is connected with seasons and itineracy in some areas of economy.

Source: Arendt, Hryniewska, Kukulak-Dolata, Rokicki, 2012, p. 10.

Three groups are mentioned among the factors affecting the increase in unemployment (Šmilgin, 2006, p. 428-429):

1. economic factors:

- the increase international competitiveness;
- the growth in labor productivity;
- the incorrect spatial distribution of capital and labor resources;
- the reduction of number of jobs;
- the liquidation of jobs;
- the slowdown of economic growth;
- the limited labor market flexibility;
- the impact of fiscal and monetary policy;

2. demographic factors:

- the demographic rise;
- the place of residence;
- the migration;

3. socio-economic factors:

- the unsuitable programs aimed at stimulating the unemployed professional activity;
- the attractive social system;
- the small activity of unemployed;
- incompatibility between the employment agency and the employment agency.

Unemployment has a very negative effect on all local government units. This is a consequence of the individual negative effects of unemployment, among which are listed (Šmilgin, 2006, p. 428-429):

- the deterioration of living standards;
- the possibility of poverty;
- the sense of lower status,
- the incapacity to manage free time,
- the limiting of participation in political and cultural life;
- the possibility of social exclusion;
- the malaise with a tendency to depression.

Unemployment is a complex phenomenon that brings a lot of negative consequences. Cities should try to work against this phenomenon and limit it as much as possible. As a result, they undertake various actions and initiatives which are intended for activating the unemployed.

The government uses the following elements of employment policy to work against an unemployment, which are divided into three groups: imposing an influence on the increase of demand, reducing labor supply, including international agreements on labor transfer.

Creating of new jobs in the public sector is another form of working against an unemployment. Special programs are created in order to professional activation in certain

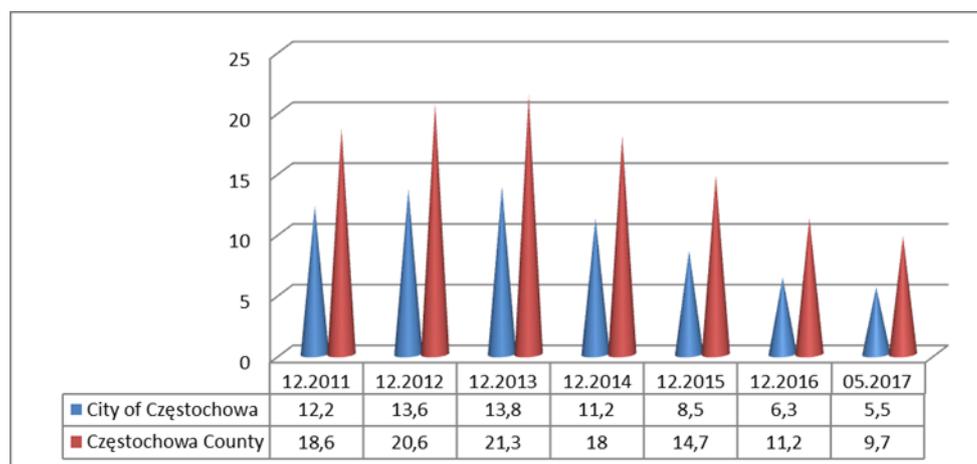
sectors of the economy (where unemployment is on a high level). This is an important solution for people who cannot get a job in a private company (Gogolewska, 2000, p. 481-483).

#### 4. Actions taken by the self-government to stimulate the labor market – on the example of the city of Częstochowa

Unemployment negatively affects the development and functioning of local government units, this is why local authorities have to pay much attention to this issue. Various initiatives are being undertaken to reduce this phenomenon and improve the local community's situation on the labor market.

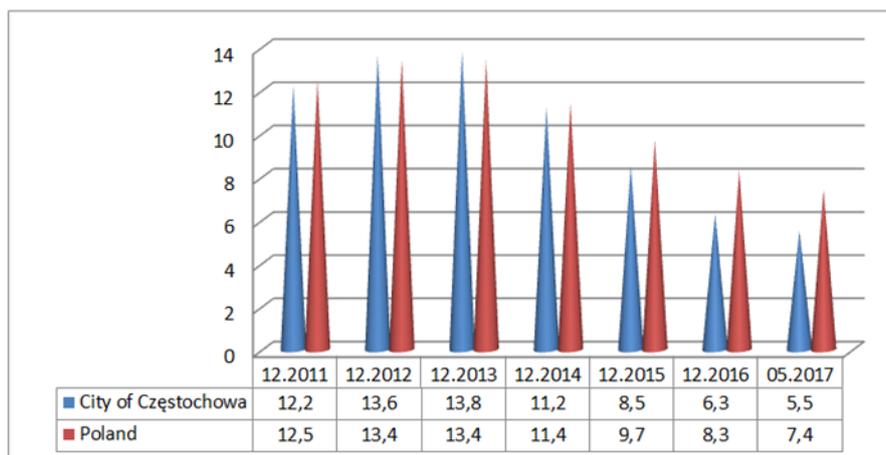
In order to struggle with this difficult phenomenon, are bringing to life some specialist units. The main task of this units is to minimize the level of local unemployment and to activate the unemployed. It should be emphasized the fact that management of the local labor market is not just an intermediary between the employer and the potential employee. It is a number of well-considered and coherent policy, actions and initiatives.

Częstochowa is an example of self-government, which is undertaking a series of initiatives for the occupational activation of residents (fig. 1).



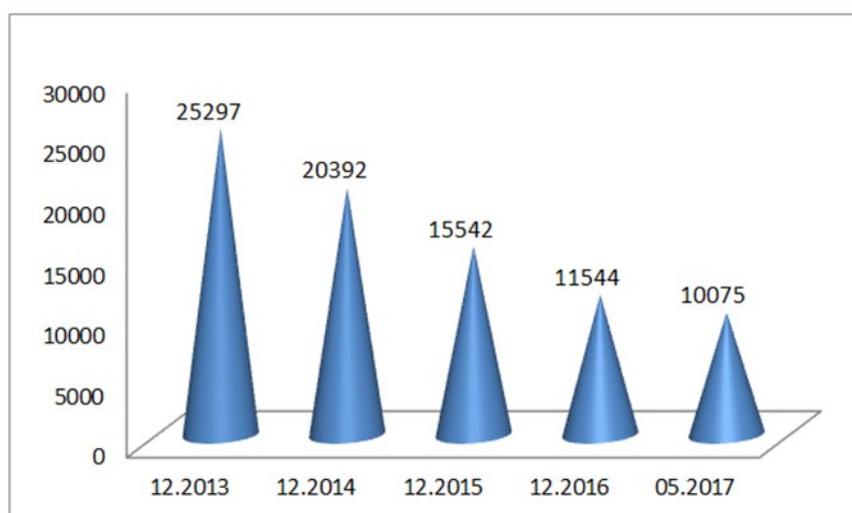
**Figure 1.** Unemployment rate in the city of Częstochowa and in Częstochowa county in years 2011-2017 (%) Adapted from: developed on the basis of: <http://www.pup.czestochowa.pl/statystyka> (read-out: 09.07.2017.)

It can be said that, over the past few years, unemployment has dropped both in the city of Częstochowa and in the Częstochowa county. It is significant, however, that in the Częstochowa county the unemployment rate remains at a much higher level than in the city. It is also worth noting how the situation of Czestochowa in comparison with the national statistics (fig. 2).



**Figure 2.** Unemployment rate in Częstochowa and in Poland in years 2011-2017 (%). Adapted from: developed on the basis of: <http://www.pup.czestochowa.pl/statystyka> (read-out: 09.07.2017).

The situation in both Częstochowa and Poland is similar and changes quite proportionately. However, it should be noted that in Częstochowa since 2014 the unemployment rate is lower than it is in the whole country. It should also be emphasized that in May 2017, the number of people registered in the County Labor Office in Częstochowa has reduced more than twice in relation to 2013 (fig. 3).



**Figure 3.** The unemployed registered in the County Labor Office in Częstochowa in the years 2013-2017. Adapted from: developed on the basis of: <http://www.pup.czestochowa.pl/statystyka> (read-out: 09.07.2017).

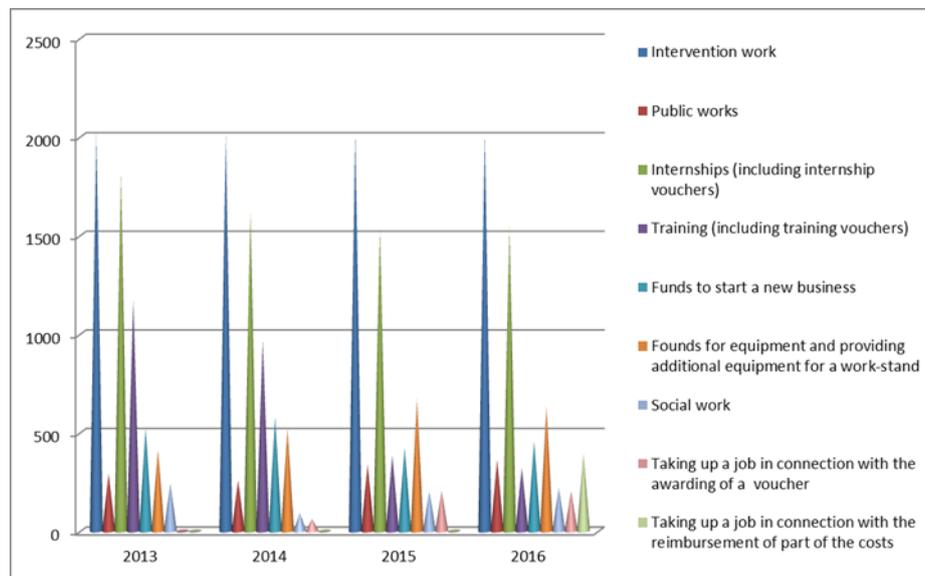
Activation initiatives of both the unemployed and the inhabitants undertaken in recent years have influenced such a changing situation in the Częstochowa labor market. In Table 3 are presented the most important initiatives implemented by the County Labor Office in Częstochowa to improve employment issues of the local community.

**Table 3.**  
Forms of activating the unemployed in years 2013-2016

Forms of activating the unemployed	2013	2014	2015	2016
Intervention work	155	214	354	294
Public works	293	258	339	362
Internships (including internship vouchers)	1 826	1 620	1 535	1 545
Training (including training vouchers)	1 173	972	383	322
Funds to start a new business	526	578	426	456
Funds for equipment and providing additional equipment for a work-stand	414	519	672	634
Social work	242	92	203	221
Taking up a job in connection with the awarding of a housing voucher, a bonus for employment, the compensation for the employment of an unemployed person who has reached the age of 50	0	61	205	203
Taking up a job in connection with the reimbursement of part of the costs incurred for salaries, rewards and social security contributions to unemployed persons up to the age of 30	0	0	0	394
Total:	4 629	4 314	4 117	4 431

Source: developed on the basis of: <http://www.pup.czestochowa.pl/statystyka> (read-out: 09.07.2017.)

The County Labor Office allocated funds for activating the inhabitants through various initiatives over the past few years. Funds generated by this unit have enabled more than 4,000 people to benefit each year from activating initiatives. The greatest popularity, over the past four years, enjoyed the internships, training and the ability to raise funds for opening a new business (fig. 4).



**Figure 4.** The unemployed registered in the County Labor Office in Czestochowa in the years 2013-2017. Adapted from: developed on the basis of: <http://www.pup.czestochowa.pl/statystyka> (read-out: 09.07.2017.)

It should be noted that interest in co-financing training has fallen considerably, in favour of new initiatives, inter alia: taking up a job in connection with the awarding of a housing voucher, a bonus for employment, the compensation for the employment of an unemployed person who has reached the age of 50 and taking up a job in connection with the reimbursement of part of the costs incurred for salaries, rewards and social security contributions to unemployed persons up to the age of 30. Aside from the initiatives aimed to the unemployed in Czestochowa, was

also introduced an indirect form of activation through real estate tax relief – RESOLUTION NO. 860/XLIX/2014 OF THE CITY COUNCIL of 20<sup>th</sup> February 2014 on real estate tax exemption within frameworks of de minimis aid programme for creation of new work places. These benefits can be used by entrepreneurs who create new jobs and meet certain conditions that secure a future employee. This form of activating both entrepreneurs and the unemployed brings mutual benefits. It stimulates entrepreneurial attitudes and minimizes the level of unemployment in the city. The most recent initiative launched in the city is the "Now Better Work" program, which consists of three pillars (table 4).

**Table 4.**  
*Program "Now - better Work" - three pillars*

Pillars	Characteristics – assumptions
Fair Play Program	It aims to promote among entrepreneurs the idea of raising standards of employment, providing better working conditions, and equitable remuneration. Responsible employers will have the opportunity to receive a "Better Work Certificate".
Center for Better Workplaces	It aims to raise the competences of the local community especially in the specialty labor market. It is expected to raise the qualifications of about 200 people.
The objective: Your Development	The main element of the project is a web portal dedicated to the labor market, which is to bring together employers and employees. This platform will allow for quick contact between two parties.

Source: developed on the basis of: <http://terazlepszapraca.czestochowa.pl/> (read-out: 09.07.2017).

Another initiative launched for the activation of the inhabitants is the project "Jasne, że własna firma – Own company, it's clear" implemented by the Agency of Regional Development S.A. in Częstochowa. The project is aimed at 80 unemployed or inactive people, it will last until March 31, 2019. Under this initiative will be realized: training about opening and running businesses and providing grants up to PLN 23,398.68, as well as bridging support during the first 6 months of operation. The "Jasne, że własna firma – Own company, it's clear" project is co-financed by the EU under the Regional Operational Program of the Silesian Voivodship for the years 2014-2020, Priority Axis VII Regional Labor Market, Measure 7.3. Support for people intending to start a business, Sub-measure 7.3.2 Promotion of self-employment in revitalized areas – RIT (<http://www.czestochowa.pl/page/7,aktualnosci.html?id=9205>, read-out: 12.07.2017).

Self-government and subordinate units are some kind of institution that has the best tools to fight with the unemployment. Actions undertaken on the local labor market in order to reduce the level of unemployment and, most importantly, to mobilize the inhabitants, should be implemented within a coherent strategy. Only local authorities conducting thoughtful actions have the opportunity to positively solve the problem of unemployment. And thanks to these actions they can significantly improve the conditions of their inhabitants.

Częstochowa is one of the units which, thanks to the carried out activities, in which for a few years we have seen a decrease in unemployment rate and an increase in the occupational activity of the population.

## 5. Summary

Local self-government units are struggling with the phenomenon of unemployment every day. The growth of unemployment is influenced by a number of various factors, including economic, demographic and socio-economic. Unfortunately, the growth of unemployment has a negative impact on the internal situation of the unit. Negative effects are both general and individual. Consequently, a number of initiatives are being undertaken to counter unemployment. Among the local governments effectively activating the labor market is Częstochowa, where in May 2017 the level of unemployment was at 5.5%. It is significant that this index was lower than in the whole country (7.4%). Częstochowa activates its inhabitants inter alia through internships, financial support for setting up in business, or a real estate tax discount for creating a new job.

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