

# The Non-Governmental Sector in the Transfer of Knowledge and the Development of Human Capital in the Region

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## Abstract

*Inter-sectoral cooperation is one of the most important elements of contemporary, territorially-focused policy. Deriving from the conditions shaped by the environment, on a global-scale as well, local actors should join forces by investing in the resources determining today's development – knowledge and human capital – in the most effective way. However, internal national or regional conditions very often do not allow for efficient adaptation of development mechanisms. By narrowing the area of analysis to the relationships between territorial self-government and non-governmental organizations, this paper is an attempt to answer the question as to the scale and scope, in Polish conditions, public-social partnerships are being built. The analysis concerns the institutions involved in the investment in knowledge and human capital operating in the region of Lodz.*

**Keywords:** human capital, region, knowledge transfer, NGOs

## Introduction

The evolution in the approach to how regional policy is implemented in Europe is determined, in the first place, by the striving of public authorities to improve the efficiency of activities for the growth of countries and regions. The search for optimum solutions is designed to effectively use the effects of globalization and 'new' production factors: knowledge and human capital, on the one hand, and local resources and conditions, on the other hand. Striving for territorial cohesion, the postulate is to balance and look at development resources from two perspectives. Nowadays, the approach is referred to as place-based policy (Nowakowska 2013, 39–57; Sokołowicz 2013, 59–92). A principal role is attributed to the ability to use local resources and potential by attaching key importance to their specificity, uniqueness, and ability to generate income. "Place-based policy is a long-term strategy aimed at tackling persistent under-utilisation of potential and reducing persistent social exclusion in specific places through external interventions and multilevel governance. It promotes the supply of integrated goods and services tailored to contexts, and it triggers institutional changes." (Barca 2009, 5, 27–28)

In the context of changes in the approach to the shaping of development policy, the paper's aim is, firstly, to identify the scale of territorial self-government units in the region, which apply public-social partnership when trying to improve human capital quality. Secondly, it is the identification of the scope of activities of the non-governmental organisations (NGOs) involved in knowledge transfer in the region.

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1. See: Communication of the European Commission, European Parliament, Committee of the Regions and Economic and Social Committee. Green Paper on Territorial Cohesion. Turning territorial diversity into strength {SEC (2008) 2550} Commission of the European Communities, Brussels, 6.10.2008 COM (2008) 616 final.

## 1 Methodology of the survey—conditions for using public-social partnership to foster human capital in the region<sup>2</sup>

Highly skilled human capital, which largely determines social and economic development, is a fundamental development factor in a modern economy (Markowska 2007, 35–45). Human capital is often referred to as superior to other constituents of the knowledge-based economy (Strahl and Markowska 2007, 35–45), an asset embodied in people, whose quality determines the welfare of regional community. Traditionally investments in human capital are made by public bodies (through the system of education). Clearly, this is a very narrow perception of opportunities to support development policy in this respect. From the viewpoint of the involved entities, huge challenges and opportunities are identified for private entities (businesses and households) and for NGOs<sup>3</sup>.

Hence a region should identify and implement its own policy to foster human capital, a policy concurrent with national policy but oriented towards effects emerging at regional level, where actual investment takes place. Empowered human capital development policy at regional level is a very rare practice (Nowakowska, Przygodzki, and Sokołowicz 2011, 56–79; Przygodzki 2013, 134–166). As a result, the competence of NGOs in fostering human capital in a region is little used. We may propose the thesis that local self-governments do not fully use the potential of local NGOs operating in the area of human capital development and the NGOs are unable to exploit existing possibilities of cooperation with local authorities. This aspect was explored and studied in detail at the level of the public sector and NGOs. We formulated five major research questions:

- Is there any inter-sectoral collaboration (local self-government — NGOs) in investment in knowledge and human capital? If yes, what is its scope?
- Do local self-governments collaborate with NGOs in human capital development? In which areas?
- How do local self-governments assess the activities of NGOs in human capital development?
- What are the benefits, in the area of investment in knowledge, of the collaboration for NGOs and self-governments but, most of all, for local communities?
- What are the main barriers to collaboration of local self-governments with NGOs engaged in improving the quality of human capital at the local level?

To answer the above questions we conducted a questionnaire-based study addressed to both representatives of local self-governments and NGOs involved in the improvement of human capital development in the Lodz region. The study included 180 territorial self-government units (89,6%) from the Lodz region and 100 intentionally selected NGOs.

## 2 Ability of territorial self-government units to deliver public-social partnership for investment in human capital in the Lodz Region

For a long time already inter-sectoral collaboration has been perceived as an opportunity and determinant of growth, in particular in the light of the theory and idea of endogenous growth based on internal resources of territorial units. Nevertheless, the scope of partnerships, both public-social and public-private, is still limited. In order to encourage and mobilize self-governments to engage in collaboration and to more frequently use organized entities to undertake activities addressed to local communities, on 24 April 2003 the Polish government adopted the Law on Public Benefit Activity and Volunteerism,<sup>4</sup> which imposes a duty to comply formally with the principle of partnership. The Legislator obliged, inter alia, territorial self-government units to adopt annual

2. The studies described further in the paper were conducted by Dr Z. Przygodzki and Dr J. Chądzyński. The survey was conducted within the framework of the research Project „Polityka i narzędzia kreowania kapitału ludzkiego w regionie” [Policy and tools of creating human capital in the region] of the Ministry of Science and Higher Education No. N N114 183938.

3. NGOs are active in various sectors and areas. Some of them specialise in promoting entrepreneurship, knowledge transfer and technology commercialisation, investment in human capital and improving the competitiveness of the economy. They are the so called innovation and enterprise centres (Matusiak 2001, 252).

4. See: Ustawa z dnia 24 kwietnia 2003 r. o działalności pożytku publicznego i o wolontariacie, DzU z 2003 r. nr 96 poz. 873.

or multiannual programmes of cooperation with NGOs. Practical evidence, based on results of surveys, shows that the tool is marginalized, simplified and boils down to the drafting of a formal document, which provides little basis for the policy and public interventions. Hence 96,1%<sup>5</sup> of territorial self-government units covered by the study admitted they have cooperation programmes. Most of them are annual—155 (86,1%), only 18 (10%) territorial self-government units declared they have multiannual programmes. In the vast majority of cases the programmes are limited to operational, short-time management. Non-governmental entities are treated as a tool to deliver their own tasks, as service providers contracted for a fiscal year. Bearing in mind that we are speaking of local entities, organizations which emerged and are deeply rooted in local communities, we may conclude that such short-term strategies do not contribute to the stabilization of the non-governmental sector, its credibility, resilience and, finally, innovativeness. Observations make us believe that a substantial part of the creativity, willingness to work, and unconventional but at the same time effective activities of NGOs depend on the enthusiasm and personal characteristics of their leaders. However, a limited cooperation framework (multiplied by financial problems, the risk involved and uncertainty of the future, the sense of isolation and being in the position of a client to the administration) usually effectively de-motivate and discourage them from further operations. Interestingly enough, multiannual (5- and 3-year) programmes were more often declared by urban-rural communes and counties than by small rural communes and towns (respectively 20%, 18% and 8%, 7%). In 88.9% of cases, self-governments claimed they invited non-governmental entities to collaborate in the development of cooperation programmes, however, usually (76,9% of cases) consultations consisted in the presentation of already prepared draft cooperation programmes to the NGOs, which were expected to give their opinions. Less than 30% of self-governments included in the study received proposals concerning priority tasks from Third Sector organizations. As properly noticed by J. Chądzyński, “This is a worrying sign as NGOs represent the needs of inhabitants and they often emerge as a result of the inability of public entities operating in a given area to meet the needs of local communities” (2014, 126). It is important that when the two parties really collaborated on drafting an inter-sectoral cooperation framework, self-governments took account of the suggestions and postulates of NGOs. A definitely negative experience was declared by 6,3% of respondents. Thus, when there are genuine attempts made to establish cooperation links, the parties wish to collaborate as partners and strive for mutual approval.

### 3 The scope of NGO interventions in human capital in the Lodz Region

We made an intentional selection of NGOs for the study and the primary criterion was their involvement in activities directly relating to the transfer of knowledge, which we verified based on the declaration of the entity in question. Nevertheless, in practice our respondents revealed the highest activity in areas indirectly relating to investment in knowledge, i.e. in promoting sports and a healthy lifestyle (93%). A substantial portion of them deal with mobilising local communities (60%), by which they support human capital development, the principal infrastructure of the transfer of knowledge and coordination of the conduct of local actors. Investments directly connected with generating and shaping knowledge rank considerably lower: educational activity is pursued by ca. 40% of entities, training and advisory activity by ca. 20% and purely informational activities are offered by ca. 16% of entities. The sphere is monopolized by the public sector in education, on the one hand, and a strong market of training and advisory services available from the private sector, on the other hand. The sectoral structure, however, should not be assessed in terms of negative or positive categories. In this particular case, the intra-sectoral structure is more important (i.e., relatively little involvement of the Third Sector in direct transfer of knowledge). It is a postulate vis-à-vis the public sector in the context of huge responsibility for the organization of such

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5. [In the journal (in both Polish and English texts) European practice of number notation is followed—for example, 36 333,33 (European style) = 36 333.33 (Canadian style) = 36,333.33 (US and British style). Furthermore in the International System of Units (SI units), fixed spaces rather than commas are used to mark off groups of three digits, both to the left and to the right of the decimal point.—Ed.]

services but, on the other hand, it is a challenge for the non-governmental sector to evolve also in this direction, in line with social and economic changes (Rzeńca 2013, 27–56).

The present structure of the areas of activity of NGOs also determines the forms of cooperation, which, in most cases, take the simplest shape of financial dimension. Self-governments consider non-governmental entities to be their sub-contractors in implementing tasks entrusted to them. Only when cooperation takes place with entities from training and advisory, informational or educational areas is there some exchange of information and consultancy involved with respect to activities undertaken by both parties. Then they do not limit themselves to assistance in implementing public tasks. Generally, attention should be paid to the relatively rare cases of self-government's entrusting their public tasks to NGOs. That is the effect of rather little engagement of local non-governmental entities at the stage of developing plans relating to the possibilities and needs to cooperate and coordinate activities. The results of studies lead us to conclude that the responsibility for the situation rests with both the public sector and the NGOs.

The situation is reflected in the assessment of satisfaction and utility of public-social partnership. Little or no experience in inter-sectoral contacts, or subscribing to somebody else's opinions and gossips contribute to low assessment scores by these areas of NGO activity, which are rarely subject to their cooperation with the self-government. Thus, it is not surprising that broadly understood training and advisory, informational and educational activities rank the lowest, far below a good score (on a six-grade scale).

Tab. 1. Assessment of NGO activities in selected areas

Area	Percentage of respondents who selected a particular grade on the scale 1–6						Average assessment
	1	2	3	4	5	6	
Training and advisory activities (48 = 100%)	16,7	16,7	14,6	35,4	10,4	6,3	3,25
Information dissemination (53 = 100%) . . . . .	9,4	17,0	20,8	37,7	13,2	1,9	3,34
Education (69 = 100%) . . . . .	4,3	13,0	21,7	39,1	15,9	5,8	3,67
Promoting sports and a healthy lifestyle (152 = 100%) . . . . .	0,7	0,0	7,2	29,6	40,8	21,7	4,75
Healthcare and health promotion (81 = 100%)	3,7	7,4	14,8	28,4	27,2	18,5	4,23
Mobilising local communities and support for the development of local communities (85 = 100%) . . . . .	2,4	15,3	11,8	32,9	25,9	11,8	4,00
Public order and safety (5 = 100%) . . . . .	0,0	0,0	40,0	20,0	20,0	20,0	4,20
Culture and culture promotion (15 = 100%) . .	0,0	0,0	13,3	13,3	53,3	20,0	4,80

## Conclusions

By launching cooperation with NGOs to support the transfer of knowledge, territorial self-government admits that it benefits in two ways. Firstly, these are benefits typical of so-called contract outsourcing—i.e., improved competence resulting from the utilization of a partner's knowledge, a wider offer and possibilities to act with simultaneous savings in time as the self-government may focus on strategic aspects. On top of that, there are promotional effects due to the increased number of parties involved (in particular outside of the public sector), who are interested in the efficiency of their operations.

Secondly, territorial self-government units mention the social benefits, mainly the following: improved quality of life, enhanced citizen awareness and their mobilization to act. These benefits can also be perceived as investments in infrastructure which facilitates the transfer of knowledge, both explicit and tacit.

On the other hand, NGOs assess the benefits of cooperation with the self-government from their internal (organizational) perspective and from the perspective of benefits experienced by the inhabitants as perceived by the NGOs. The major organizational benefits highlight financial support to their activities. Respondents also claim that partnership motivates them to improve their

performance. Interestingly, these organizations stress the benefit of knowledge transfer to them; substantive and organizational support of self-governments is relevant. Other benefits relate to infrastructural conditions and services connected with the technical aspects of NGO operations (available space, legal support, promotion, etc.).

Benefits to inhabitants, which according to the respondents result from the cooperation between NGOs and self-government, consist in positive impact upon inhabitants' social competences. They mean, first of all, mobilizing and integrating the local community and improving the availability of services (through wider product and production offerings).

Summing up, we should also highlight the major critical conclusions from the study. They focused mostly on:

- the low propensity of the public sector to engage NGOs in the delivery of services addressed to human capital and the transfer of knowledge
- poor strategic management in the area of building public-social relations, in particular with the NGOs (despite existing legal tools to this effect)
- importance of non-material factors in local development underestimated by self-governments; as a result, local development strategies very rarely refer to investing in knowledge and strategic goals labeled as 'human capital' including non-market services
- the usually passive attitude of NGOs towards the building of public-social partnership, which limits them to applying for subsidies without getting to know each other and understanding the need to act, presenting their own development plans or lobbying for their implementation,
- low assessment, by self-governments, of NGO operations in areas connected with fostering human capital
- weakly developed specialization of NGOs in activities designed to support human capital development and the transfer of knowledge

Public-social partnership is far from easy. Like any cooperation it requires some investment, it does not happen by itself. Benefits and advantages of partnerships have been listed on many occasions but the major difficulty lies in making the cooperation a reality. Theoretical issues have been analyzed many times, to quote the model of Public Governance as an example. Thus, the parties are aware of the benefits, however, the costs or sometimes perhaps a lack of skills still prevent them from joining forces to achieve common goals.

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