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Partnership of Stakeholders at the Local Level as an Effective Instrument of Local Development

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ABSTRACT

Europe and the whole world are facing new challenges. The paradigm of the economic order established so far is changing before our very eyes. New players, mainly from Asia, have appeared in the global economy. It seems that the model of economic development that separates the public and private sectors, giving the public sector mainly a planning and controlling role in relation to the private sector, becomes less effective. The aim of the article is to show the change in the paradigm of public sector management, starting from the implementation of new public management. Next, based on selected examples, according to the authors, of successful changes in the cooperation of representatives of the public sector at the level of municipalities with residents and the private sector, models of such cooperation were proposed in general terms. Such models can be the basis for stimulating the economic development of local economies, which in the face of the crisis caused by the pandemic and the war between Russia and Ukraine, can be a significant stimulus to reduce the negative effects of this crisis.

Introduction

The public sector itself has evolved. The first clear change was brought about by new public management. New public management was a product of the neoliberal shift in economic theory and policy that took place after Margaret Thatcher came to power in the UK in 1979 and Ronald Reagan in the US in 1980. It was an instrument for implementing the idea of the minimum state, which was the basis of this economic doctrine. Its purpose was to ensure the economy, efficiency, and effectiveness of the public sector and to improve the quality of its services. In Germany, it was defined as *Neues Steuerungsmodell* (a new model of management), in Canada you can find the term *performance and output measurement system*, while in the Netherlands it was said - referring to the name of the city where the most advanced implementation of new solutions - about the Tilburg Model.

Transformation of management in the public sector

The public sector plays an important role in the economy. The delimitation of the public and private sectors is the subject of scientific considerations. It is commonly known as state failure and market failure, hence the

considerations that have been going on for many years concerned the elimination of the weaknesses of both sectors. The interpenetration of both sectors has its own specific character. The administrative functions of the public sector determine the form of management in this sector, i.e. primarily the emphasis on planning and control functions. In the private sector, on the other hand, it seems more important in the management process to organize activities, act and motivate. Hence, the difference in management culture does not allow for easy elimination of the weaknesses of both sectors and wider cooperation. Milton Friedman quite clearly showed these differences in his statements, stating, among other things, that: "The government does not solve problems, the government creates them", "*The government solution to a problem is usually as bad as the problem*", "Hell doesn't go crazy like slighted bureaucrat", "*Governments never learn. Only people learn*" (Lexicon, 1984) or "*I am in favour of cutting taxes under any circumstances and for any excuse, for any reason, whenever it's possible. (...) Because I believe the big problem is not taxes, the big problem is spending. I believe that government is too large and intrusive, that we do not get our money's worth for the roughly 40 percent of our income that is spent by government.... How can we ever cut government down to size? I believe there is one and only one way: the way parents control spendthrift children, cutting their allowance. For government, that means cutting taxes*" (Viguerie, 2006).

Public administration is closely related to political activity. A certain deviation from this rule can be observed in local government. Local government is the least politicized. Many rulers of this level more or less officially cut themselves off from specific political parties. Generally, however, as E. Wojciechowski states: "Between the political system and the administrative system there are certain connections, not always properly understood. There are two extreme views on this matter. The first, increasingly weak, advocates the separation of politics and administration, the second view emphasizes the subordination of public administration to the political factor. In the first case, the separation of public administration from the political segment suggests far-reaching independence and political neutrality of administration employees. Therefore, the crown solution is to create the so-called civil service corps. In the second case, public administration is treated as a specific instrument in achieving specific political goals, which are then developed in programs, strategies, projects, and plans for various public projects. From this position, public administration is an integral component of the state and its agencies, affecting the condition of the state and the well-being of its citizens. It can be said that the strength of a state depends on the quality of its public administration. However, the very shape and value of public administration are determined by political decisions (Wojciechowski, 2016). In the observed practice, however, the prevailing situation is the subordination of public administration to the political factor. Due to the role played by public administration, the most convenient organizational form is the so-called administrative branch, i.e. bureaucracy. One of the most recognized representatives of this trend was Max Weber. Elements of the administrative trend have also penetrated the private sector. For example, the principle of subordination to superiors. The traces of M. Weber's thought are very clear especially in the linear or staff-line structure of enterprises, even those of transnational ones. However, the public and private sectors, apart from many common features of management according to M. Weber's concept, differ. These differences are as follows:

- shorter management time horizon in the public sector (due to the occurrence of election cycles) than in the private sector,
- difficult measurability of the results (effects) of the activities of public organizations,

- HR policy limitations (regulations on recruitment, promotion and dismissal of employees) make it difficult to achieve the objectives of public organizations,
- equality and efficiency – in the public sector more emphasis is placed on equality, and in the private sector on efficiency,
- public organizations are more open and subject to public scrutiny than private companies,
- the role of the press and media is greater in the public sector than in the private sector,
- the need to mediate decisions in the public sector as a result of pressure from public opinion, opposition, interest groups, etc.,
- greater supervision over the activities of public institutions by state control authorities,
- lack of clear criteria for evaluating the activities of public organizations, such as profit in the private sector (Allison, 1990).

The bureaucratic model in relation to the public sector basically resembles a typical monopoly that functions in the private sector with the difference that the maximization of profit in a monopoly from the private sector is replaced by the maximization of one's own convenience or personal safety of the official, in other words minimizing the risk of making any decisions. These negative aspects of M. Weber's model were humorously summed up by Cyril N. Parkinson (1909-1993) - an English political scientist, professor at the University of Singapore. He showed incompetence, hierarchization and tendencies to a constant increase in employment, as well as tendencies to tardiness and poor treatment of the citizen, regardless of the amount of work to be done. He put it, among others, in "Parkinson's Law, or in the pursuit of progress" (Parkinson, 1960).

In the public sector, the attitude of the so-called managers and such people are preferred for managerial functions, in the private sector the leader is more important. These differences can be presented as follows:

Manager	Leader
1 Plans activities	1 Has a vision
2 Eliminates risk	2 Takes risks
3 Works from the particular to the general	3 Works from the general to the specific
4 Focuses on tasks	4 Focuses on people
5 Motivates and controls the effects	5 Inspires to act,
6 Subordinates	6 obliges
7 He strives for organization	7 Sets directions
8 Uses formal structures,	8 Uses informal structures
9 Takes care of order in the organization	9 Innovates

Source: B. Łapiński, Presentation: Leadership, [Microsoft PowerPoint - Lecture leadership \(werbel.eu\)](https://www.werbel.eu/), accessed 24/03/2023.

Thus, there are fundamental differences in management in both sectors. As emphasized by E. Wojciechowski, "Acting within such a formula (bureaucratic – authors' note) is characterized by low flexibility and formalization, as well as a tendency to increase the costs of exercising public authority. The mechanism of action is rigid and consists of the so-called manual control (direct action). Allegations and dissatisfaction with this way of exercising

public authority gave rise to the proposal of a new pattern of conduct (Wojciechowski, 2016). It was recognized that the improvement of the functioning of the public sector can be achieved by implementing solutions from the private sector, i.e., among others, thanks to the process of privatization of municipal entities, transformation of managers into leaders, introduction of market principles in the provision of municipal services, introduction of universal measures of employee evaluation, etc. This was to contribute to improve the efficiency and quality of services provided. These changes were initiated in the 1980s. Table 1 presents the most important areas of reform according to the concept of new public management.

Table 1. The most important areas of reform according to the NPM concept

Area	Characteristic
Political and task decentralization	Delegating tasks to lower levels of administration and outside the public sector
Separation of politics from administration	Appointment of executive agencies and transition to management contracts
Improving the quality of public services	Use of market mechanisms, including contracting public services
Customer orientation	Taking into account customer opinions on public services and adapting services to their needs. Application of new solutions facilitating access to public services (e.g. customer service offices, e-office)
Results oriented	Setting goals and planned results of public tasks. Making remuneration of administration employees dependent on the results achieved. Improving contract procedures
Planning and strategic management	Introducing methods of strategic planning and management (long-term) Appointment of organizational units responsible for developing the strategy
Changing the financial rules	Transition from a traditional budget to a performance-based budget in a multi-annual system and assessment of the effectiveness of spending public funds. Introduction of budget rules (limits). Development of control and efficiency audit
Changes in the structure and culture of the organization	Implementation of management through quality. Emphasis on organizational development and learning. Formulating the organization's mission and strategy. Implementation of social communication strategy
Managerial way of management	Setting goals for tasks and evaluating their results. Strengthening the manager's position and enabling the choice of the method of task implementation. Individually negotiated managerial contracts
Flexible personnel management	Flexible forms of employment. Use of recruitment tools and contests. Differentiation of employees' remuneration due to the scope of tasks and the result achieved.
Measure activity and develop accounting mechanisms	Introduction of activity evaluation methods and operating standards. Creating expectations regarding the activities of public administration. Monitoring the activities of the administration by the public
Promoting ethical behavior	Introducing codes of ethics and mechanisms for enforcing ethical attitudes in administration

Source: Promoting ethical behavior. Introducing codes of ethics and mechanisms for enforcing ethical attitudes in administration, K. Marchewka-Bartkowiak, *New Public Management*, Infos, Bureau of Research, No. 18 (178), October 9, 2014.

New public management has not succeeded in all spheres. Among other things, the privatization of municipal entities functioning in a natural monopoly was criticized, claiming that in principle the public monopoly was changed into a private monopoly. In this way, cities also deprived themselves of greater control over the urban economy. Initially successful market organization, e.g. in waste management, over time took on the function of regional monopolies with all its shortcomings. The response from the municipalities was application of the in-house principle. The expected effects of the mental transition from manager-manager to manager-leader were also not achieved everywhere. In some sense, the more active role of the resident was also omitted in practice. Therefore, the new public management evolved towards the so-called public governance or good governance.

As emphasized by E. Wojciechowski, "The main elements of this multi-trend concept were:

- social prominence (pluralism of entities),
- decentralization and participation, dispersion of power,
- innovative functioning in the network structure (interactivity),
- the imperative of cooperation (partnership),
- the leading role of the coordinating function and the leadership factor.

The concept of governance found expression in various versions emphasizing certain rules and features of operation. The object in question is a public problem or public value, created by coalitions of various stakeholders working together in a new decision-making formula (stakeholders). The operation under the agreement is intended to provide greater flexibility and control in an environment of increasing volatility. In fact, governance is a way forward in the process of building a civil society and is firmly rooted in liberal thinking. This model postulates cooperation of all three sectors in the economy (Wojciechowski, 2016, page 14).

Currently, in some areas of administration in the public sector, there is a departure from both the achievements of new public management and public governance in favor of centralized bureaucracy. The role of institutional economics is emphasized, which maintains, among other things, a significant role of the institutional environment. Such behavior, for example, in Poland is observed at the level of central management, as well as in budgetary units at various levels of public sector management. The innovativeness of public sector employees is basically suppressed and even punished by the managers of this sector for the so-called peace of mind, i.e. risk reduction. The role of the controlling element has also increased, i.e. compliance with the law, no matter how imperfectly formulated, which, for example, changes very often in Poland. As a result, the role of lawyers outweighs that of economists. Legal interpretations have become the main area of concentration of public sector managers, not effective economic solutions. In addition, there are discrepancies between the observance of the law at the level of the central management (government) and the enforcement of the law against citizens, including businesses. It seems, therefore, that the weaknesses of the administrative current have returned to economies and Milton Friedman's statements regarding the competence of public sector managers have gained additional importance.

Not everywhere, however, has "reverted" to these behaviors unfavorable for the development of economies. As part of the changes made in the 1980s, examples of effective cooperation between representatives of the public sector, residents and representatives of the private sector crystallized in many places, primarily at the local and

commune level. In the authors' opinion, the main factor that caused and consolidated such cooperation was, on the one hand, the creativity of local entrepreneurs, and above all the leading role of the governor, who does not only have the features of a manager, but is a leader with vision, creativity, lack of fear of taking risks, communicative, respecting other stakeholders, etc. Such an attitude the next subchapter presents examples of such behavior at the commune level. Such an attitude of a public sector leader is also conducive to shaping a civil society, which in this case can also be called a smart society.

Good examples of cooperation between local government - residents - business.

One such society that has been lucky enough to have a leader govern it is the Güssing society. Güssing is a small town in Austria, near the border with Hungary (Pictures 1 and 2), with a population of 3,772 inhabitants on 01/04/2019 and an area of 49.31 km² (19.04 sq. mi). For three decades, the region suffered from its proximity to the Iron Curtain and poor connections to other parts of Austria, making it unattractive for industry. The lack of local employment has forced many residents to look for jobs outside of Güssing or to move away. In spatial structure, forests are the largest land use area in Güssing, followed by agricultural land and residential areas.



Figure 1: The town of Güssing with its historic castle

Source: *Das öko Energieland*



Figure 2 Location of Güssing in Austria

Source: Präsentation: Das Modell Güssing Ein Beispiel für eine nachhaltige Energieversorgung.

Years ago, the city struggled with e.g. with high energy costs. It was therefore decided to make an energy transition in Güssing, where cooperation between the private sector, the city and residents was successfully initiated. Currently, the city sets trends in the production of renewable energy, in particular in the field of biomass gasification technology. Güssing has implemented a renewable energy plan as part of its overall regional economic development plan. It started with an energy efficiency program in 1990. The combination of an underdeveloped economy, low employment and large sums of money spent on energy imports created the context in which changes were initiated in Güssing. In the late 1980s, Peter Vadasz, a member of the city council, and Reinhard Koch, a local technical engineer, recognized the potential of local wood as a renewable energy source and energy transition. This was to be a way of economic development and employment in Güssing. In 1990, Vadasz, Koch and some other experts developed a strategy to provide heat, electricity and fuel for Güssing, all based on local wood. In addition, it was assumed that within a decade, the municipality would switch all lanterns to LED and equip all public buildings with new windows and insulation. When the plan was presented to the city council, it was approved by an absolute majority, with the expected positive impact on the local economy and employment being an important motivator. The transformation really started in 1992 when Vadasz was elected mayor. He appointed Koch as the leader of the energy transition. Together, they became community leaders, not just public sector managers, and managed to increase public support for the renewable energy transition project. In this way, an innovative way of thinking combined with the ability to use local specifics became the beginning of changes for the residents of Güssing, who are not afraid of new things, leading towards energy transformation and a significant improvement in the quality of life. The implementation started with the city of Güssing and gradually extended to the larger municipality and county. In 1996, the European Center for Renewable Energy (EEE) was established to coordinate the energy transition and spin-offs such as eco-energy tourism. EEE also stimulates research activity and disseminates the so-called Güssing Model at home and abroad. In this way, the private sector was successfully brought into the joint project. / In 2001, energy self-sufficiency of the commune was achieved. Subsequently, the transition to the energy transition was extended to the entire district. Research has also started on renewable transport fuels.

This type of energy-saving investments was a natural first step towards reducing energy costs. The city has also decided to stop using energy generated from fossil fuels. Agriculture and forestry Güssing has provided organic material to power district heating networks using biomass. In 2001, the production of electricity and biogas was started in the world's first operating FICFB installation. The operation of the power plant is based on fluidized bed gasification with steam. It is a reliable source of electricity and heat for the municipality of Güssing. In addition, this system has become the starting point for numerous research projects initiated by the city authorities with the support of the local community. The success of Güssing has put the entire Burgenland region on the path of energy prosumers. In 2013, enough electricity was produced in the region alone to meet its own needs. Güssing itself has become a renewable energy tourist attraction with several hundred Eco tourists a year. The interest in the issue of how to reduce energy expenses through modern investments using locally available raw materials attracts interested parties from Poland and Europe, including many commune authorities struggling with similar problems. Meanwhile, a significant number of companies have also been established in the region, many others have relocated to the region, resulting in an increase in local employment. The city now has 60 new businesses, 1,500 new jobs, and \$17 million in annual energy sales. A research and development department was also established in EEE.

The transitional energy transition in Güssing has not been easy. It was carried out at various levels: it concerned individual buildings through their insulation, both in the commune and in the district. The transformation took place in phases in which both strategic thinking and operational implementation intertwined. The local government was involved, first as initiator and then as consolidator, with the latter role taken over by EEE in recent years. Particularly in the initial phase, it was important that the transition was supported by residents. According to one of the inhabitants of critical mass, meaning sufficient stakeholder involvement in this transformation, was achieved through cooperation between stakeholders. In fact, future consumers were encouraged to cooperate as well, not only those who use energy in winter, but also consumers who need heat in summer. To this end, private consumers were involved from the outset through information meetings. However, citizen participation has declined in importance during the transition and has remained limited to district heating development. When analyzing the experience with Güssing, it should be assumed that the reduction of the interest of citizens is the norm and further active action lies on the side of the leader and entrepreneurs. The decrease in the interest of the inhabitants can also be explained by the passive acceptance of the leader's actions and/or trust in his management method.

As part of project activities, energy generation sources were diversified. (see Figure 3 and Figure 4). Biomass heating plants and district heating networks were built in the villages of Glasing, Urbersdorf and the city of Güssing, together with two CHP plants. Güssing also has a small photovoltaic power plant and its gymnasium has photovoltaic panels and solar boilers on the roof. An aerobic digestion plant was recently built, using poultry manure and maize silage to produce biogas. The possibilities of watercourses were also used by building small hydroelectric power stations.



Figure 3: Photovoltaic installation

Source: *Das öko Energieland*



Figure 4: Small Hydropower Plant

Source: *Das öko Energieland*

The local authority in Güssing talks about 100% energy self-sufficiency as the supply of renewable energy exceeds their consumption. Work is currently underway to produce fuel gas, synthetic gas, gasoline, diesel, methanol and hydrogen from wood. This is done under experimental conditions near the latest CHP plant. Therefore, the environmentally-minded Güssing community reaches for new ways of drawing energy from the natural environment, setting new goals and setting new routes on the way to energy self-sufficiency. Moving away from fossil fuels in transport is important to the people of Güssing.

Implementation of the project, as mentioned, was not easy. When the latest CHP plant with anaerobic digestion and research and development facilities was planned on the main road to Güssing (see Figure 6), the people of Ludwigshof protested, fearing the nuisance of noise and dust. Despite the protests, the factory was built on the planned site and is running smoothly thanks to the communication skills of the mayor. Shortly after the opening of the Güssing district heating plant and district heating network, the chipping of wood caused noise and dust which was a nuisance to students and staff at a neighboring school, leading to a 'mass protest'. However, the city solved the problem very quickly. The district heating plant operators and the school management agreed that the shredding should take place in the forest and not at the combined heat and power plant." Changes naturally generate controversy, but the city authorities and the local community of Güssing have developed solutions that are convenient for everyone and have not stopped the desired innovations.

In conclusion, it should be stated that Güssing has undergone a complex, long-term process of energy transformation. It includes social and technological elements and involves many levels, phases and stakeholders. In all cases, local leaders played a key role in development. In Güssing, they conceived and initiated a process that is being further developed by the European Center for Renewable Energy. In addition to the presence of local leaders, a participatory approach to the implementation of the renewable energy system turned out to be necessary. Without the cooperation of stakeholders, including residents, Güssing's district heating networks could not be built, as a certain number of household-to-household connections are needed for the efficient operation of the system. Awareness of purpose, openness and innovation - these features of the local community probably allowed for the initiation and successful development of the transformation process.

Another example of the development of the city caused by the entrepreneurial activity of the governor is, for example, Mszczonów, located about 50 km west of Warsaw. The mayor of this city, Józef Kurek, showed great talent in attracting investors to the once rather underdeveloped city. The model of this development is based primarily on the high creativity of the leader who has gained the trust of the majority of voters and has been systematically elected to his position for several terms. He completed his studies at the Warsaw University of Life Sciences, post-graduate pedagogical studies at the same university, as well as post-graduate studies in local government and local development at the University of Warsaw and post-graduate studies in rural sociology at the Nicolaus Copernicus University in Toruń. As a result of the first free local government elections in 1990, he was elected mayor and has been performing his function to this day (Józef, 2023). He is one of the longest-serving persons in this position in Poland. During his tenure in the commune, investments were made, among others, in companies from the warehousing and logistics industry. Recently, there have also been built Suntago Water Park.



Figure 5 The Mszczonowskie Baths and the Suntago Water Park are two large investments that were built during the term of office of Józef Kurek, the mayor of Mszczonów

Source: [Smelly waste next to the baths. Residents accuse the mayor of building a waste basin for them - Money.pl](#), entry 26/03/2023

Mszczonów skillfully used its location. Relative proximity to Warsaw on the expressway allowed for the allocation of many logistics companies. In this way, the mayor of the city contributed, among other things, to eliminate unemployment in the city, obtaining the assurance of the owners of these companies about employing the local population in the first place. The next step is the use of geothermal waters to heat both industrial and residential buildings. On the basis of these waters, in 2008, the first 5 swimming pools were built, and then the aforementioned Suntago aqua park with a glass roof and indoor swimming pools. Mayor J. Kurek was even hailed in one of the local newspapers as the tiger of Mazovia (Forsal, accessed 2023). One of the deepest diving pools in the world was also built in Mszczonów. This complex attracts many tourists from the vicinity of

Mszczonów and Warsaw every week, throughout the year, contributing, among other things, to the increase in the city's income.

Not everything goes easy in this case either. Recently, the idea of creating a cluster for the disposal of various wastes, from municipal to industrial, seems to be quite controversial. Some residents protest. The mayor, however, is trying to convince the protesters to his vision of development. Several years ago, the authors had the opportunity to personally talk to J. Kurek. He is one of the few people who are open to dialogue and do not avoid interviews. This feature of openness may allow to convince the unconvinced to a new investment in the field of waste management. The next local government elections will show that.

A similar development model is characteristic of the tourist town of Wisconsin Dells in the USA, with the difference that the development of tourism began quite slowly at the end of the 19th century. The United States is characterized by the creativity of entrepreneurs, and the role of the local governor has historically been rather limited to the functions that disturb as little as possible and only exercise control functions, but without additional difficulties for residents and entrepreneurs. The authors, visiting this city, for the last time in 2014, even noticed a very friendly approach of the local police. Namely, driving a used car from time to time they were forced to change the wheel. In each case, the police intervened and helped to change the wheel. In Europe, especially in Poland, this is unthinkable.

Currently consolidating tourism development in this city is The Wisconsin Dells Visitor & Convention Bureau (WDVCB). It is the official tourism destination marketing organization for the Wisconsin Dells/Lake Delton area. A private, non-profit corporation formed in 1949, the WDVCB is funded through a combination of room tax (5.5% of which the WDVCB receives 90%), partnership dues and advertising co-ops. The mission is to grow the economic impact of tourism by inspiring and encouraging travel to the community through innovative marketing & economic development strategies, benefiting our visitors, community, and business partners (WisDells, access 2023). The Wisconsin Dells Visitor & Convention Bureau is a partnership organization formed to pool human and capital resources and is a voluntary association of businesses. The Visitor Bureau is a professional, economic organization, rather than social, and it represents those businesses that support it.

The first waterslide in Wisconsin Dells opened during the 1970s. But the real innovation happened when Polynesian Water Park Resort decided to put a roof over its facility in 1989, giving the Dells its first indoor waterpark.



Figure 6. Kalahari waterpark in Wisconsin Dells. *Kalahari Resorts & Conventions*

Source: [How did Wisconsin Dells become 'the waterpark capital of the world'? | Wisconsin Public Radio \(wpr.org\)](https://www.wpr.org/story/2023/03/how-did-wisconsin-dells-become-the-waterpark-capital-of-the-world), accessed 3/26/2023

Rhonda Parchem, director of marketing and communications at the Wisconsin Dells Visitor and Convention Bureau said: "The fact that we could offer an option to swim, splash, slide down waterslides all year long in Wisconsin was a real game changer".... "As more and more waterparks were developed, that really gave us a point of differentiation to other Midwest destinations" (WPR.org).

When it comes to the title of "waterpark capital of the world," Parchem points to a few bragging rights, claiming :

- More than 200 waterslides and 16 million gallons of water power some of the Dells' most beloved attractions.
- Noah's Ark is America's largest outdoor waterpark, sprawling 70 acres with numerous waterslides, including one that loops, a lazy river and a log flume ride.
- Wilderness Resort is America's largest indoor-outdoor combination waterpark, featuring a 180-foot-long body slide, bumper boats, a wave pool, spa and golf course.
- Kalahari Resort is Wisconsin's largest indoor waterpark, with a 250-foot-long slide, a wave simulator for indoor bodyboarding and surfing, and lessons to teach you how to swim like a shark or a mermaid.

About 4 million people visit the Dells annually, [according](https://www.wpr.org/story/2023/03/how-did-wisconsin-dells-become-the-waterpark-capital-of-the-world) to the Wisconsin Dells Visitor and Convention Bureau. The group estimates those visitors spent approximately \$857 million in 2020, down just over 29 percent from 2019, as the region struggled with a drop in tourism related to the pandemic. The bulk of that spending is on lodging, followed closely by food and beverages. According to the group, tourism supports more than 12,600 jobs, and results in about \$31 million in state taxes and \$45 million in local taxes (WPR.org).

Summary

The process of economic development is undergoing constant transformations. Since 1980s, the public sector has been reformed under New Public Management. Due to the social nature of many services provided, the

reform evolved towards the so-called good governance with greater participation in society's decision-making. However, there is a tendency for the public sector to withdraw from these more liberal and pro-efficiency solutions in favor of greater legal regulation and control at the expense of innovation and openness to risk. However, there are examples in the world of beneficial models that improve economic development in cooperation with the public sector. This is most often done at the local level. One such example is Güssing, where a broad public-private and civil partnership was initiated as part of the energy transition, in which the mayor of this town assumed the role of initiating this partnership. Later, a private entity took over the role of coordinating further changes. In the second model, shown on the example of Mszczonów, the role initiating the development was assumed by the mayor of this city, who in practice convinced the residents to his vision. This role of development initiator still remains with the mayor. Another model of development can be seen in Wisconsin Dells, where a tourist city was created on the basis of local natural resources. The development was achieved thanks to the activity of entrepreneurs, and the local non-governmental organization took over the role encouraging their activity. The support of the public sector mainly consists in not hindering development and ensuring local security. Such attitudes are an example of the possibility of fruitful cooperation between the public and private sectors and residents. Depending on the economic culture, a given model can be a certain example to follow.

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