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**Doctoral thesis**  
**Public administration and its role in the organisation and**  
**financing of local-government cultural institutions**  
**(for example in Podlaskie Voivodeship)**

social sciences in the discipline of public policy science

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**W a r s a w 2017**

Culture is an important pillar of cooperation and a determinant of the development of European Union countries. Not only does it play an important role in the process of European integration, but it is also essential in building inter-communal relations through strengthening sensitivity to mutual understanding of the differences between the Member States. It teaches tolerance and respect for other cultures, religions and nationalities. It is an important link in the fight against xenophobia and discrimination against other people.

Culture is also an economy, manifested in the development of entrepreneurship and creation of jobs. "Every zloty invested in the sphere of properly managed culture on a national scale, gives a return of a few zloty"<sup>1</sup> and we are not only talking about commercial activity, but also about financial support granted by the government and local administration bodies. Subsidies provided to individual entities create the so-called multiplier effect, which finances services providing employment opportunities for many people, while at the same time generating the value of gross domestic product. "Culture has been recognised as a new area of favourable investment and job creation, a source of creativity and innovation, an area from which flexibility in action can be learned, and the ability to survive in different, not always favourable, conditions"<sup>2</sup>.

Returning to the cultural industry, it is important to mention the fact that there is no uniform, coherent and concrete definition of this notion in literature. It is limited to private, commercial, profit-oriented ventures, forgetting that the entities in this area actively support charity events and public undertakings. The importance of the cultural industry is growing in EU countries, where more and more people provide artistic services. As a result, they contribute to the production of new, often very innovative, cultural goods. Modern countries invest in culture and see great potential in it. In Western Europe, taxes on cultural goods and services paid to the national budget by the cultural industries sector are higher than the amount of money spent on cultural subsidisation, and the benefits of a well run cultural policy far outweigh the costs. Such an entrepreneurship model should exist in Poland, where the financing of culture is still far from European standards<sup>3</sup>. This is not the case, however, when it comes to preserving cultural heritage, in which the state plays an important role.

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<sup>1</sup>S. Lis, *Kultura a rozwój gospodarczy w: Organizacja i finansowanie kultury w gminie, Oddział Tarnowski Stowarzyszenia Autorów Polskich, Tarnów 2008, s.15.*

<sup>2</sup>D. Ilczuk, *Ekonomika kultury, PWN, Warszawa 2012, s.14.*

<sup>3</sup>S.Lis, *Finansowanie kultury w: Organizacja i finansowanie kultury w gminie, Oddział Tarnowski Stowarzyszenia Autorów Polskich, Tarnów 2008, s.199.*

When looking at the available literature on the financial and legal aspects of cultural institutions, one can see the notable lack of adequate analysis of the purpose of expenditure on culture. What should be the appropriate percentage of individual expenditures in relation to economic or social effects? It is often the case that operating and personnel costs absorb most of an entities' budgets, leaving them with no resources for substantive activities. Instead of performing tasks in the field of culture, institutions become entities satisfying exclusively social needs (remuneration, ZUS (The Polish Social Insurance Institution), ZFŚS (Employee Benefit Fund), etc.), which, as already mentioned, are the subject of most public funds. Should this really be the case?

Based on the example of selected cultural institutions of Podlaskie Voivodeship and by comparing the functioning of similar entities in France and Central European countries, this paper attempts to find the answer to this question. Of course, the manner of spending the money itself lies in the competence of the director-manager of a given institution and it depends on them whether they prioritise an extensive structure, outsourcing activities, generating profit or consumption. Nevertheless, cultural funding bodies cannot be downplayed in this respect. These bodies may be central, local government or non-governmental entities. Their approach is very important, because it is them who determine the quality of management staff and its effectiveness in implementing the cultural policy in the subordinate organisational units. In Poland, as in the EU Member States, culture is to a large extent financed from the state budget and funds of local government units, thus ensuring continuity in the implementation of cultural tasks important for the public sphere. In most countries, more than half of the cultural budget comes from local governments. For example, in the Netherlands or in Lower Saxony it reaches up to two thirds of public expenditure on culture<sup>4</sup>. Similarly, in Poland, public expenditure on culture has been 62% since 2006 and is steadily increasing, despite the effects of the financial crisis. Central funds account for 30% of expenditures on culture, the remaining 8% are provided by other ministries. Based on data from the Ministry of Culture and National Heritage<sup>5</sup>, expenditure on culture in 2012 reached the level of 3.5 billion PLN, which gives the hope that with such a dynamic growth of expenditures on culture, 1% of the budget, in accordance with the so-called The Pact for Culture (signed by representatives-authorities of the author's community and cultural

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<sup>4</sup>S. Lis, *Finansowanie kultury. Doświadczenia krajów europejskich w: Organizacja i finansowanie kultury w gminie, Oddział Tarnowski Stowarzyszenia Autorów Polskich, Tarnów 2008, s.195.*

<sup>5</sup><http://www.mkidn.gov.pl/pages/posts/2012-w-kulturze-rok-rekordow-3575.php>

organisers), according to the assurances of the Ministry of Culture, will be achieved in 2017, although the Pact stated 2015. Nevertheless, taking into account the importance of culture in the development of society in the sense of its identity and respect for cultural heritage, it is underinvested in our country and still marginalised in relation to other areas. This can be seen, for example, through budget cuts, which mostly concern expenditure on culture, not to mention its location at the end of individual development strategies.

In view of the above, this PhD dissertation covers issues concerning the system of cultural organisation in local government units, basing, primarily, on large agglomerations, where all types of cultural institutions are present, which are mostly similar in profile. The analysis the charters of individual organisational units of the Office of the Marshal of Podlaskie Voivodeship<sup>6</sup>, it will be possible to determine to what extent the cultural institutions perform autonomous tasks, and to what extent they duplicate tasks of other entities operating in the field of culture and whether in a situation of "multiplication of tasks" it is worth combining them, as permitted by the amendment of the Act on organising and conducting cultural activities<sup>7</sup>.

The role of public administration is not only to run local cultural institutions, but also to support non-governmental organisations and search for optimal solutions to support entrepreneurship in the field of creativity. The third sector is supported by competitive tender, which should be carried out in a transparent manner with clear rules and criteria, and the bids should be evaluated by an appropriate panel of experts. Entrepreneurship, on the other hand, is "strengthened" by European funds implemented at regional and central level. The problem in this respect is the not close enough cooperation in the public-private partnership (PPP) system in the area of culture related to running cultural institutions, organising artistic events or conducting effective promotional campaigns. For example, the question is whether the amendment of the Public-Private Partnership Act<sup>8</sup>, prepared for the purposes of EURO 2012, provides an opportunity for wider cooperation between public sector and the private one, and whether the lack of appropriate legal regulations (in tax law, Public Procurement Law and Public Finance Law, in particular with regard to long-term financial planning and a clear

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<sup>6</sup> Dalej: UMWP.

<sup>7</sup> Ustawa z dnia 25 października 1991 r. o organizowaniu i prowadzeniu działalności kulturalnej (Dz.U. z 2001 r. Nr 13, poz. 123 z późn. zm.), art. 31a ust. 5.

<sup>8</sup> Dziennik Ustaw z dn. 6 września 2005, Nr 169, poz.1420.

definition of which of these liabilities are considered public debt and which are not<sup>9</sup>) constitute a barrier to its application. Another issue is the activity of control authorities, including the services looking for corrupt activities in PPPs, thus discouraging public authorities from making bold decisions concerning cooperation with entrepreneurs.

Taking into consideration that the organisation of culture at the central and local government level is the element of the administrative system, the strategies for the development of culture in Podlaskie Voivodeship will be analysed. Bearing in mind that the mission, objectives and priorities must be consistent with the 2020<sup>10</sup> National Development Strategy and the National Strategy for Regional Development 2010-2020<sup>11</sup>, as only then it will be possible to plan local development in an appropriate way and properly distribute the available European funds.

The overriding research objective of the dissertation will be the identification, analysis and evaluation of the economic and financial situation of the cultural institution of Podlaskie Voivodeship, taking into account the budgets of particular entities and analysing their management. As discussed above, the public expenditure on individual tasks will be monitored with particular attention paid to their purpose. We will analyse whether the provided subsidies are able to cover the financial plan of the substantive activities or whether they only serve to pay fixed costs, such as salaries and operating expenses related to the maintenance of cultural infrastructure. The current way of financing means that institutions with sustainable funding do not strive to achieve better financial results and rarely undertake new projects<sup>12</sup>.

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<sup>9</sup> S. Lis, Partnerstwo Publiczno-Prywatne w dziedzinie kultury w: Organizacja i finansowanie kultury w gminie, Oddział Tarnowski Stowarzyszenia Autorów Polskich, Tarnów 2008, s.424.

<sup>10</sup> Ministerstwo Rozwoju Regionalnego, Strategia Rozwoju Kraju 2020 – Aktywne społeczeństwo, konkurencyjna gospodarka, sprawne państwo została przyjęta 25 września 2012 r. przez Radę Ministrów, [http://www.mrr.gov.pl/rozwoj\\_regionalny/polityka\\_rozwoju/srk\\_2020/strony/srk\\_2020\\_aktywne\\_spoleczenstwo\\_konkurencyjna\\_gospodarka\\_sprawne\\_panstwo\\_zostala\\_przyjeta\\_przez\\_rm\\_25092012.aspx](http://www.mrr.gov.pl/rozwoj_regionalny/polityka_rozwoju/srk_2020/strony/srk_2020_aktywne_spoleczenstwo_konkurencyjna_gospodarka_sprawne_panstwo_zostala_przyjeta_przez_rm_25092012.aspx)  
SRK 2020 zakłada przywrócenie ładu przestrzennego, uwzględniającego potrzeby społeczne, gospodarcze, środowiskowe, kulturowe oraz kompozycyjno estetyczne. Kultura według SRK to czynnik o rosnącym znaczeniu rozwoju czyli przez społeczeństwo przyjęte: wartości, normy zachowań, kody umożliwiające porozumiewanie się oraz praktyki warunkujące współpracę.

<sup>11</sup> Ministerstwo Rozwoju Regionalnego, Krajowa Strategia Rozwoju Regionalnego 2010 – 2020: Regiony, miasta, obszary wiejskie, [http://www.mrr.gov.pl/rozwoj\\_regionalny/polityka\\_regionalna/ksrr\\_2010\\_2020/Strony/default.aspx](http://www.mrr.gov.pl/rozwoj_regionalny/polityka_regionalna/ksrr_2010_2020/Strony/default.aspx)

<sup>12</sup> Ministerstwo Kultury i Dziedzictwa Narodowego, Przepisy prawa z zakresu kultury – stan obecny i propozycje zmian, Opracowanie sporządzone przez Spółkę Prawniczą I&Z s.c.: analiza obowiązujących przepisów prawa z zakresu kultury, ekspertyza dotycząca systemu przepisów rekomendowanych dla obszaru kultury oraz autorskie założenia do projektów ustaw regulujących działalność w zakresie kultury, w: Finansowanie działalności kulturalnej, Warszawa 2009 s.16.

Taking into account the tendencies of local governments to reduce subsidies for subordinate entities, the effectiveness of cultural institutions in obtaining external sources of financing and generating their own revenues from the provided services will be analysed. Difficulties and barriers that occur during the application process for EU funds will be identified (appropriate preparation of the application form, having own contribution, ability to implement and settle the project), as well as obstacles hindering business thinking among the staff, such as, insufficient involvement of employees in the process of generating more income for their own institution.

It is important to examine the dynamics of expenditures on culture in individual households to evaluate the functioning of local government cultural institutions and their cultural services. The amount of money spent on culture by recipients heavily influences the return of realised projects. More and more often, while preparing an estimate of a particular event, the organisers are not able to cover all expenses from subsidies or other external sources (including EU ones), and they rely on revenue from ticket sales. There are sometimes situations in which the admission fee to an event is the only source of its financing. The education of a given household group has a significant influence on the participation in culture<sup>13</sup>, therefore this aspect will be included in the doctoral dissertation in relation to the Podlaskie Voivodeship residents' participation in cultural events.

In the light of the above considerations, both the theoretical and practical part will be based on the existing legal norms, verified statistics and reliable research. The legal basis of cultural activity will be presented in relation to the Constitution of the Republic of Poland<sup>14</sup>, which substantially regulates issues concerning culture and "industry" laws related to the functioning of cultural institutions, in particular the Act on organising and conducting cultural activities<sup>15</sup>.

The main thesis of this PhD dissertation is the statement that the active role of public administration in organising and financing cultural institutions is the result of effective and optimal use of resources from various sources, allocated for the implementation of planned

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<sup>13</sup> K. Wawrzyniak, S. Radkowski, P. Kalinowski, Wydatki na kulturę i ochronę dziedzictwa kulturowego w: Kultura w 2010 r. , Zakład Wydawnictw Statystycznych, Warszawa 2011.

<sup>14</sup> Konstytucja Rzeczypospolitej Polskiej z dnia 2 kwietnia 1997 r. (Dz.U. z 2001 r. Nr 28, poz. 319, Dz.U. z 2006 r. Nr 200, poz.1471.

<sup>15</sup>Ustawa z dn. 25 października 1991 r. o organizowaniu i prowadzeniu działalności kulturalnej (Dz.U. z 2001 r. Nr 13, poz. 123 z późn. zm.), art. 31a ust. 5

tasks (strategic objectives, central tasks and regional). Active cultural policy means an enormous difference from the simple organisation and unstructured administration of cultural activities. The thesis has been concretised by posing the following research questions, which will be discussed in subsequent chapters of the paper:

1. Do the earmarked subsidies provided to cultural institutions by local government units cover personnel costs and operating costs of a given entity and really stimulate the substantive and developmental activity of the institution?
2. What is the reason of local government's lack of cooperation with private entities on the basis of PPP in running cultural institutions, carrying out cultural tasks and shaping local policy in this respect?
3. Why is the management of public funds for culture by units' managers focused on consumption rather than investment, which limits the development of individual units?
4. Does the households' spending on culture, including the creative sector, have a significant impact on the funding of cultural activities and does it reflect a well-functioning policy?
5. Is the so-called social effect an important and sufficient indicator of the quality of implementation of a given task and local policy concerning cultural institutions and its importance for the local community?

The research process aiming at confirming or falsifying the research hypothesis and answering the posed research questions as well as formulating conclusions will consist of the review of literature, reports, analyses and results of cross-sectional research (method of literature and documents' content analysis) undertaken by the Ministry of Culture and National Heritage. The work will be based on legal regulations in the area of constitutional and administrative law, organisation and realisation of cultural activities, public finance, Public Procurement Law, regional policy, and other relevant legal norms. The considerations will be supported by the rulings of the Constitutional Tribunal, administrative courts and administrative bodies. On the basis of the obtained information (data) a comparison (comparative method) will be made of the model of functioning of cultural institutions in Poland with institutions in France, Hungary, the Czech Republic and Slovakia. Consequently, possible solutions and recommendations applicable to Poland will be suggested.

The main objective of the work, which is to analyse and evaluate the role of public administration in the organisation and financing of local government's cultural institutions of Podlaskie Voivodeship, will be achieved by means of the following research activities and procedures:

a.analysis of the legal provisions governing cultural activities in the light of their financing by central and regional authorities;

b.analysis of the financing and supporting system of cultural activities by the Minister of Culture and National Heritage and other ministries involved in the promotion of cultural heritage and propagation of Polish culture;

c.review of opinions and positions formulated by the cultural community, among others: local government officials (marshals, presidents, mayors, commune heads), directors of cultural institutions, managers of creative industries, creators, artists, employees of cultural institutions, cultural experts, representatives of non-governmental organisations, cultural patrons, experts involved in the process of developing cultural strategies in Poland;

d.analysis of the content of strategy and programming documents accepted at national and international level;

e.a review of scientific and analytical literature, including press releases and journalistic and opinion-forming publications;

f.analysis and interpretation of statistical data concerning culture, obtained, inter alia, from the data of the Ministry of Culture and National Heritage, the Central Statistical Office, Eurostat and the OECD;

g.a review of completed and accessible public opinion polls on cultural issues;

h.analysis of charters and finances of selected cultural institutions of Podlaskie Voivodeship;

i.analysis of the European funds for culture in the new financial perspective 2014-2020.

The doctoral dissertation consists of five chapters, preceded by an Introduction and a followed by synthetical Conclusion of the dissertation, including the findings of the study.