Management Qualification and Responsible Management in Local Government

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Abstract. The scientific objective of the study is to identify the qualification prerequisites of local government management as an element of the economic and social pillar of socially responsible action, based on the analysis of theoretical approaches to socially responsible action in the public sector and secondary research in the environment of local governments. The aim was to identify the real impact of education on selected indicators of economic performance of local government - an element of the economic pillar of social responsibility. The subject of the scientific study is the education (theoretical as well as practical component) of the statutory as well as local government councillors and their impact on selected economic indicators of local government performance such as long-term and short-term liabilities, capital expenditures, non-current assets, liquidity, current account balance, investment intensity, the size of the municipality's net assets per capita, economic performance as well as the overall financial health of the local government. The subject was also an examination of the impact of education, as an element of the social pillar of social responsibility, on another, economic pillar of social responsibility - efficient and responsible management.

Keywords: Efficiency · Management · Qualifications · Education

1 Introduction

Nowadays, more and more organisations are applying the principles of social responsibility to ensure sustainable development in economic, social and environmental terms. Corporate social responsibility is a relatively new concept for the public sector in terms of

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transparent and effective management of public sector organisations. Most private sector organisations consciously and voluntarily apply the principles of social responsibility to ensure sustainable development. Public sector organisations do not consciously and deliberately apply the principles of social responsibility, but still behave responsibly. This follows from the legislation of the Slovak Republic, as all public sector organisations manage public budgets, their performance is subject to public scrutiny and decision-making is by public choice. Therefore, public sector organisations are obliged to behave in an economically, socially and environmentally responsible manner towards all stakeholders. In recent years, socially responsible behaviour has become an increasingly debated topic and a growing number of organisations are applying the principles of socially responsible behaviour.

The scientific objective of the study is to identify the qualification prerequisites of local government management as an element of the economic and social pillar of socially responsible action, as well as the real impact of education on selected indicators of economic performance of local government - an element of the economic pillar of social responsibility, based on the analysis of theoretical approaches and secondary research. The output of the scientific study is to summarize the mutual influences of both pillars, where qualification prerequisites and required competences would contribute or influence the efficiency and good responsible management of local government. This includes the standards and structure of knowledge and skills that management should possess and which positively influence the efficient and socially responsible management of local government.

The subject of the scientific study is the education (theoretical as well as practical component) of the statutory as well as local government councillors and their impact on selected economic indicators of local government management such as long-term and short-term liabilities, capital expenditures, non-current assets, liquidity, current account balance, investment intensity, the size of the municipality's net assets per capita, economic performance as well as the overall financial health of the local government. The subject was also an examination of the impact of education, as an element of the social pillar of social responsibility, on another, economic pillar of social responsibility - efficient and responsible management.

2 The Economic Benefits of Social Responsibility in Local Government

Conducting organisations in accordance with the principles of responsible behaviour brings a range of benefits to the organisation, particularly in non-financial terms. Just as tangible assets are important to an organisation, so are intangible assets such as human capital, brand equity, reputation and trust and partnership. Economic benefits are the biggest motivating factors for organisations and we will therefore focus on the economic aspect of corporate social responsibility.

The essence of the concept under study is the pursuit of meeting new expectations, which increases the cost of operations. Changing wider social, political and environmental conditions make the effect of social responsibility on an organisation's financial performance difficult to measure accurately. In the long term, organisations are unlikely

to suffer harm by choosing to embed CSR practices into their operations [2]. The benefits to organisations by stakeholder group are shown in Table 1.

Table 1. Benefits of socially responsible behaviour

Interested group	Benefits for the organisation
General public	- additional access to capital, - increasing attractiveness to potential investors, - reducing risk management costs, - increased transparency, - protection from costly litigation
Employees	- Improving company culture, - loyal employees, - reduced employee turnover, - improvement of the organisation's position on the job market
Customers	- reputation building, - differentiating yourself from the competition, - increasing competitive advantage, - increase socially and environmentally conscious customers
Suppliers	- oboznamovanie sa s víziou a zámermi, - budovanie dobrej povesti v dodávateľskom reťazci, - vyššia efektívnosť dodávateľského reťazca
Competition	- respect from competitors
Community/MVO	- good reputation in the community
State	- reduced monitoring by the state, - avoidance of sanctions by the state, - relaxation of legal measures, - possibility to bid for public tenders

Source: own elaboration

From the point of view of the general public, one of the most important benefits of the concept under review is better state access to foreign capital. The fact that socially responsible organisations and states are benefiting from increased investor interest is also demonstrated by some stock market indices (Dow Jones Sustainability Index, FTSE4Good and Domini 400 Social Index: an index of 400 large companies that meet the criteria for CSR), which have started to take into account social responsibility criteria. According to Hlaváček [9], it is natural that investments in socially responsible funds are less risky for investors because investors' risk aversion places such high demands on the profitability of risky projects that it ultimately means 'cutting them off' from viable financial resources. Hence investors' interest in states and organisations that respect social responsibility and banks' interest in lending to them, which is a positive feedback loop, as lower interest rates on loans provide an additional comparative advantage compared to other businesses.

In relation to the general public, the authors Kašparová, Majdúchová and Trnková [11, 14, 22] mention additional benefits of implementing this concept: greater attractiveness for investors (socially responsible investing), greater transparency, stronger credibility of the state itself and of public organisations, and the long-term sustainability of the organisation.

The economic benefits in interaction with employees are primarily based on increased employee loyalty [7, 13], which is linked to the ability to attract and retain not only quality but also top-quality employees. Based on the aforementioned benefits and research that have proven the causality of the application of corporate social responsibility in interaction with employees and the attractiveness of the organization for potential employees [5, 7] we can argue that the application of this concept in practice not only reduces employee turnover, but also increases the overall position of the organization in the market of employment opportunities.

The benefits accruing to businesses from interacting with customers may take the form of increased profits, greater customer loyalty, increased trust, positive brand attitudes, present an opportunity to avoid negative publicity [13] or may increase social awareness and environmental awareness of conscious customers, enable new markets to be developed, positively influence customer loyalty and facilitate purchasing decisions [12].

Current trends in responsible supply chain practices highlight the assumption of responsibility by large, multinational enterprises for the environmental and labour practices of their suppliers [1]. Based on the above, organisations should choose their suppliers not only according to their economic situation, but also taking into account social and environmental practices. Thus, if an organisation is to be part of a socially responsible supply chain, it must take into account the economic, social, environmental and ethical criteria against which the organisation evaluates its suppliers or is itself evaluated in the supplier-supplier relationship. The economic benefits accruing to the organisation in its interaction with suppliers can themselves be comprehensively characterised as reputational improvements in supplier-supplier relationships.

One of the most frequently cited economic benefits is the acquisition of competitive advantage [4, 9, 11, 15, 22]. Mohtsham and Arshad [17] consider the source of competitive advantage to be the organisation's social capital and the reputation that the organisation acquires; according to Porter and Kramer [20], the competitive advantage in the context of applying the concept under study arises for organisations mainly from the implementation of social and environmental practices in the strategic management of the organisation and from differentiating themselves from competitors. Another source of competitive advantage is considered to be improving the reputation of the organisation in the local community [4] and building a relationship of trust with the organisation's environment [9].

Other economic benefits take the form of mitigation of legal measures, e.g. direct financial savings associated with environmental [9, 23] and social practices.

In relation to the aforementioned economic benefits accruing to organisations from the application of social responsibility in practice, a number of studies have been conducted which confirm [9, 10, 14] or do not confirm the causality of good financial performance and the implementation of responsible activities in practice [2, 8, 16].

According to Hlaváček [9], the cause of increased profitability is that responsible business reduces the so-called implicit costs associated with current and future business, e.g., the costs of future environmental damage remediation and the costs of future litigation. Most of the research touching on the concept under investigation is carried out by its proponents. This fact may affect not only the interpretation of the results but also the formulation of the questions. As a counterargument, it presents the problem on the basis of which conclusions are formulated in terms of the causality of social responsibility and improvement of the economic status of the organization. The author stresses that the causality can also be reversed. Only organisations that are (e.g. due to their dominant market position) in a strong economic position can afford to be socially responsible. Therefore, the survey results can be interpreted as meaning that above-average economic performance is not a consequence but a condition for the application of social responsibility.

Since their establishment in 1990, cities and municipalities have proved their viability through their local government bodies and are a fundamental pillar of democracy in Slovakia as well as in other EU countries and around the world. Since its inception, local government has had a legislative basis for functioning according to self-governing principles. It is exposed to various external and internal influences which exert great distorting pressures and which must be faced by the governing bodies of towns and municipalities (e.g. the mayor/mayor, town or municipal council, employees of the town or municipal authority, budgetary organisations, etc.). As an organization, local government most integrates and can effectively use the management systems of public administration, business entities, as well as civil organizations (e.g., non-profit organizations). Local government is a branch of public administration, so its "good or bad" decisions, as well as the "quality or poor quality" of its services, directly affect the residents (families) who live and work in the municipality.

Local government has cross-cutting competences in its performance. Typical examples of specific services are services and activities in the field of management, economic support and municipal development. These areas also belong to the least specified competences in the field of legislation [19]. In spite of these facts, among the important tasks of local government are the competences related to the involvement at different levels of government in the promotion of economic growth and employment generation in their territory. Here, certain elements of social responsibility can already be discerned. This is an area that is only loosely assigned to a certain level of local government. Local authorities have taken and are taking a number of initiatives to strengthen rural development or even to improve the position of specific towns and villages on the international market (in terms of attracting investment, the economy, trade development, tourism or even the promotion of industrial production, etc.).

The scope of the competences to be provided remains an important issue. In Slovakia, out of 2890 towns and municipalities, 2478 have up to 2000 inhabitants, which, in terms of human resources, qualifications, efficiency and cost-effectiveness, requires new approaches in the management of financial, material and human resources, as well as in the provision of public and other services, with an orientation towards inter-community cooperation.

How to make and streamline decisions at political level, i.e. in local councils as well as in municipal and municipal authorities, and thus improve their position in terms of social responsibility, requires continuous training and education, according to the needs of the municipality concerned. In order to be able to cope with negative influences and various socio-economic challenges, local government needs highly qualified professionals, managers and well-prepared local politicians who are future-oriented and who can set policy in the interests of the citizens and the municipality, i.e. in the spirit of social responsibility. At the same time, they will be able to set objectives and define the various strategies for achieving the objectives set. At present and in the future, the most important role in the life of local government is played by the human factor, i.e. elected and appointed representatives, local government employees and the citizens themselves. Their success or failure is reflected in their skills, abilities and knowledge, which are oriented towards the effective and efficient use of all resources (all material, technical, financial and especially human resources that can be mobilised to achieve the set objectives) and information, including various social and economic tools and methods in the management and provision of the activities of the city or municipality. It is the human resources, headed by the statutory authority, that have the responsibility to be able to respond flexibly to the constantly changing conditions in the socio-economic sphere and need to take the right decisions even in difficult conditions, so as to consider the short, medium and long-term impact on the lives of its inhabitants. At the same time, they are subject to the instruments of the social pillar of social responsibility. In order to raise awareness, increase the credibility of local government and enable citizens to get involved in public affairs, it is essential to systematically develop the quality of human resources and the social capital of local government.

Due to the rapid pace of urban growth, various crises and the scarcity of assets, the need for competent workers is increasing dramatically every year. There is a need to build capacities, introduce optimal ways of managing and developing settlements with the help of promoting new approaches, methods and techniques. All this must be done in accordance with the principles of sustainability.

An important part of the competence of local government officials (but also other VS organizations) is the introduction of performance information into the budget. The purpose is to improve the control of expenditures as well as overall performance management. Local government elected officials, in particular city statutes, councillors and municipal/local government staff, are the holders of competence and accountability for the best possible delivery of public services and effective performance and management [18].

By efficiency of local government officials we refer to the trade-off between the cost of resources - financial, material and especially human resources and the potential predictive advantages and benefits. It is part of the economic pillar of social accountability. Good management also includes good financial planning, which requires comprehensive systems thinking to ensure that good results are sustained in the future. It requires competences related to adapting local government legislation to the dynamics and multi-causal internal and external relations (as well as markets) of the municipality. Economic, demographic, legislative, socio-cultural, political-legal, technological, environmental and internal management practices are at work. At the same time, good

management includes the competence and experience of the people in charge, who monitor, create and influence financial indicators and thus the fiscal health of the municipality. Last but not least, competencies must also be adapted to the factor of time or to the time period - historical, current, evolving i.e. future [16].

As in the private sector, city and town planners and management face a variety of influences in their management. In addition, they are influenced by factors that are absent in the private sector, notably citizen control, public opinion, public interest and others. It is the participatory decision-making in local governments, the so-called public choice, that connects two markets, namely the political and the economic market, i.e. the public and the private market [21].

3 Efficient Management of Municipalities and the Ethics of Public Resources

The management of cities and municipalities is based on the management of public resources and assets of cities and municipalities. It is important that municipal leaders make information available on the direction the municipality is taking. At the same time, they should publicly present a management report, i.e., regularly inform the public about the results of the management and spending of the municipality's approved budget.

The management of local government should be expected by the public to provide transparent and comprehensible information on the efficiency of the management of the city or municipality and to act in accordance with the ethical principles of public life in terms of social responsibility.

The means of implementing the principles of social responsibility are qualifications and qualifications. The qualifications of local government management should be closely linked not only to economic indicators, but also to the dimension and principles of public administration ethics. The question of implementing ethics in the functioning of public administration is a topical and relevant issue that is worth addressing. It concerns the impact of qualifications and competences on the efficiency of the management of towns and municipalities, but also of the entire public administration in Slovakia.

In the last decade, when examining the causes of economic, fiscal and monetary crises, it is possible to identify moral and ethical problems not only in the business sector, but also in the public sector. European Union funds and state subsidy funds, the purpose of which was and is to promote socio-economic development, in various areas are often the subject of corrupt behaviour at various levels and sectors. The balance between productive capacity and production will not be maintained without moral and ethical values that are integral to the concept of social responsibility [6]. Currently, business and public sector organizations often focus in practice on unilateral benefit, profit or egoism (e.g. unilateral contracts for subsidies and loans, where nobody accepts the interests of the recipient of the subsidy and loan in case of various problems; lengthy court processes where the injured party is more persecuted than the one who caused the damage; various organizations, cities and municipalities as well as the citizen do not assert their rights due to complicated bureaucratic procedures and unclear interpretation of legislation; unenforceability of rights at different levels of state or local government, etc.).

4 The Impact of Education on the Efficient Management of Local Governments

Social responsibility and the ethical management it entails are of growing importance in public administration. As a result, the ethical implications of governance are taken into account while respecting legality and efficiency. We need to learn from historical mistakes and we need to devote ourselves more to learning and quality, which will ensure quality of life for future generations. By employing the right people and managers, who can be trained with the content of developing ethical values and gradually improved, public administration organisations, including local government, will achieve greater efficiency. However, in order to ensure its sustainability, it is important to continuously evaluate and then continuously improve it according to social and economic indicators, including environmental indicators (NB: this is also a principle of social responsibility).

Moral and ethical behaviour is a key attribute of any successful company, its sustainability and competitiveness. This is also true for smaller parts of society, such as towns and cities. It is therefore necessary to start with local authorities or local governments and then to introduce changes throughout society through public administration structures. Since social accountability begins and ends with the quality of human resources, our research has focused on examining two fundamental aspects - education and its impact on the performance of local government. We hypothesise that as the level of education and practical experience (qualifications) increases, the level of social accountability in local government will also increase. This may be reflected in responsible management and the achievement of good parameters of individual economic indicators.

The research of the above relations was carried out on a sample of 251 municipalities in the Slovak Republic. The data were analysed in aggregate for the sample, as well as selectively according to the size of the municipalities and by regional distribution. The following table presents the test of representativeness for the purpose of the regression model of the relationship between the education of the statutory body and selected aggregate indicators of the economic pillar of social responsibility. The representativeness test showed a virtually ideal distribution (0.999) and thus we can generalize the results to the whole of Slovakia (Tables 2 and 3).

Table 2. Representativeness test by size groups of towns and villages

	Researched	Number expected	Difference
1 to 250	47	44,9	2,1
2 from 251 to 499	54	54,7	-0,7
3 from 500 to 999	66	66,0	0,0
4 from 1000 to 1 999	47	48,9	-1,9
5 from 2000 to 2 999	14	14,8	-0,8
6 from 3000 to 9 999	14	13,8	0,2
7 from 10 000 to 99 999	9	7,8	1,2
Total	251		

Source: SPSS

Table 3. Statistical test of representativeness by size groups of towns and villages

	size group
Chi-Square	,420[a]
df	6
Asymp. Sig.	0,999

Source: SPSS

Another test of representativeness was carried out on the conditions of the distribution of the research sample according to their location in individual regions of Slovakia. In this case, too, the sample distribution was almost ideal (0.999). The total number of participating municipalities was 251 (Tables 4 and 5).

Table 4. Representativeness test by region

	Researched	Number expected	Difference
1 Bratislava Region	9	7,5	1,5
2 Trnava Region	22	21,6	0,4
3 Trenčin Region	25	23,6	1,4
4 Nitra Region	29	30,4	-1,4
5 Žilina Region	26	26,9	-0,9
6 Banská Bystrica Region	44	44,4	-0,4
7 Prešov Region	56	57,0	-1,0
8 Košice Region	40	39,7	0,3
Total	251		

Source: SPSS

Table 5. Statistical test of representativeness by region

	Region
Chi-Square	,492[a]
df	7
Asymp. Sig.	0,999

Source: SPSS

The first test of the correlations was to examine the relationships and associations of municipality size and elected officials by education. We assumed that the larger the municipality, the more socially responsible the residents would be and there would be a clear greater tendency to elect representatives with more education. This dependence was confirmed only in the case of the relationship between the size of the local government and the number of university-educated deputies. In the case of the statutory mayor, the relationship was moderate, a straight linear (Table 6).

Table 6. Pearson correlation by population and education indicators

		F_Number of inhabitants as of 1.1.	G_Štat.	I_Pos-VŠ-3	J_Pos-SŠ-2
F_Number of inhabitants as of 1.1.	Pearson Correlation	1	,248**	,857**	−0,005
	Sig. (2-tailed)		0,000	0,000	0,940
	N	251	250	251	251

Source: SPSS
**Correlation is significant at the 0.01 level (2-tailed)
*Correlation is significant at the 0.05 level (2-tailed)

There is a weak to moderate direct correlation between the population of a municipality and the education of the statutory officer. Thus, the higher the number of inhabitants of the municipality, the higher the level of education (this shows a weak to moderate tendency of dependence). Thus, there is a strong direct correlation between the number of inhabitants of a municipality and the number of deputies with higher education.

There is a weak inverse relationship between the population of a community and the overall financial health of the community. The higher the number of inhabitants, the lower the value of the indicator of financial health, etc. (Table 7).

The following table presents the relationship between the educational attainment of a statutory officer and selected economic indicators. These are the mutual influences of the social and economic pillars of social responsibility. From an overall perspective (251 municipalities without more detailed characteristics in terms of size and regions), we can speak of a direct moderate dependence. The above relationships show a higher activity

Table 7. Pearson correlation by population and economic indicators

		F_Number of inhabitants as of 1.1.	R_total debt	V_investment intensity	Z_overall financial health
F_Number of inhabitants as of 1.1.	Pearson Correlation	1	,148*	−0,026	−,154*
	Sig. (2-tailed)		0,019	0,685	0,014
	N	251	251	251	251

Source: SPSS
**Correlation is significant at the 0.01 level (2-tailed)
*Correlation is significant at the 0.05 level (2-tailed)

of educated mayors in the field of modernization of local governments. This is associated with higher capital expenditures and long-term commitments linked to borrowing (Table 8).

Table 8. Correlation between statutory education and economic indicators A

		G_Štat.	M_ capital expenditure	O_ financial accounts	P_ long-term liabilities
G_Štat.	Correl. Coefficient	1,000	,357**	,336**	,279**
	Sig. (2-tailed)		0,000	0,000	0,000
	N	250	250	250	250

Source: SPSS

The following table presents the relationship between educational attainment and total debt, investment intensity and overall financial health of the local government. The correlations were not significant (Table 9).

Table 9. Correlation between statutory education and economic indicators B

		G_Štat.	R_total debt	V_investment intensity	Z_overall financial health
G_Štat.	Correl. Coefficient	1,000	−0,013	0,057	0,053
	Sig. (2-tailed)		0,841	0,374	0,404
	N	250	250	250	250

Source: SPSS

Similarly insignificant relationships have been demonstrated for MPs with university degrees. Neither in the case of debt service nor in the case of investment intensity was the dependence confirmed (Table 10).

Table 10. Pearson correlation by number of MPs with tertiary education and economic indicators A

		I_Pos-VŠ-3	S_debt service	V_investment intensity
I_Pos-VŠ-3	Pearson Correlation	1	0,034	−0,043
	Sig. (2-tailed)		0,588	0,499
	N	251	251	251

Source: SPSS

In this case, no relationships have been demonstrated either with the economic outturn and the overall financial health of the municipality (Table 11).

Table 11. Pearson correlation by number of MPs with tertiary education and economic indicators B

		I_Pos-VŠ-3	Y_economic result per capita	Z_overall financial health
I_Pos-VŠ-3	Pearson Correlation	1	0,048	−0,091
	Sig. (2-tailed)		0,447	0,149
	N	251	251	251

Source: SPSS

The relationships of high school-educated MPs and economic indicators were not confirmed. Neither in the case of debt service nor in the case of investment intensity does a higher share of MPs with a secondary education in the Chamber of Deputies have an impact (Table 12).

Table 12. Pearson correlation by number of MPs with tertiary education and economic indicators

		J_Pos-SŠ-2	S_debt service	V_investment intensity
J_Pos-SŠ-2	Pearson Correlation	1	−0,001	−0,114
	Sig. (2-tailed)		0,989	0,071
	N	251	251	251

Source: SPSS

Where a moderate relationship was demonstrated, regression analysis was also performed. The regression model showed that if the level of education increases by 1 unit

(from secondary to tertiary or primary to secondary), the amount of capital expenditure increases by an average of € 273049 (Table 13).

Table 13. Regression analysis between statutory education and capital expenditure

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	-387602,746	144538,886		-2,682	0,008
	G_Štat.	237049,541	56956,300	0,256	4,162	0,000
a. závislá premennná: M_kapitalove vydavky						

Source: SPSS

Another regression model showed that if education increases by one level, the value of financial accounts increases by an average of €337592 (this is a statistical average, not a lump-sum value for each municipality) (Table 14).

Table 14. Regression analysis between statutory education and financial accounts

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	-553565,834	194041,188		-2,853	0,005
	G_Štat.	337592,827	76462,940	0,270	4,415	0,000
a. závislá premennná: O_financne ucty						

Source: SPSS

Similar increases are expected for education and long-term liabilities. In terms of the whole research sample, mayors with higher education have a higher propensity to go into debt (due to capital investments) (Table 15).

Table 15. Regression analysis between statutory education and long-term liabilities

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	-522061,679	224621,024		-2,324	0,021
	G_Štat.	311544,890	88513,083	0,218	3,520	0,001
a. dependent variable: P_long-term liabilities						

Source: SPSS

The following table presents an analysis of the dependencies of selected indicators of education of the management of local governments in the size group up to 250 inhabitants and economic indicators. In the case of educational focus (divided into economic/legal/technical and other humanities, possibly without higher education), a moderately strong direct linear dependence was shown for capital expenditure. This means that higher capital expenditures are spent in municipalities with mayors with other humanities education. This means that mayors are more socially responsible, and have a greater propensity to make long-term investments than to consume. In other cases, the dependence was insignificant. The positive effect of university education was demonstrated in the case of the number of members in the municipal council. A moderate to strong dependence was found for the amount of capital expenditure, financial accounts and long-term liabilities, which are mainly related to loans taken for the construction of civic infrastructure (Table 16).

Table 16. Dependency analysis of management education and selected economic indicators in municipalities with population up to 250 inhabitants. A

municipalities up to 250 inhabitants	capital expenditure	non-current assets	financial accounts	long-term liabilities	immediate liquidity	total debt	debt service
Focus of education	0,2748	0,0837	-0,1000	-0,0596	-0,0340	-0,1210	-0,0724
Education of the statutory officer	0,1714	0,1541	-0,0250	-0,0839	-0,0170	-0,1626	0,2803
Percentage of university-educated MEPs	0,3455	0,3021	0,4767	0,3127	0,1507	0,2052	0,0333
Percentage of MEPs with a secondary education	-0,0542	-0,2804	-0,0580	0,1193	0,1292	0,1044	-0,1025

Source: own elaboration

A moderately strong dependence was shown for educational focus and investment intensity, where the propensity to invest is expected to be lower as the number of statisticians with economics, technical and legal education increases, compared to the group of other humanities disciplines. The investment intensity indicator was also significant in relation to the amount of education attained by the statutory. An inverse linear relationship was demonstrated for the proportion of secondary-educated MPs and net worth per capita as well as economic output per capita. There is an inverse relationship, the higher the number of MPs with this level of education, the lower the net wealth as well as the per capita economic result (Table 17).

In the group of municipalities from 251 to 500 inhabitants, only a slight dependence was found for 4 indicators. Rather, economic legal and technical education has a positive impact on immediate liquidity. The correlation coefficient reached the value of − 0.23. A moderate dependence was proved in the case of the share of university educated

Table 17. Analysis of the relationship between management education and selected economic indicators in municipalities with up to 250 inhabitants. B

municipalities up to 250 inhabitants	payables 60 days past due	current account balance	investment intensity	basic balance per capita	net worth per capita	economic result per capita	overall financial health
Focus of education	-	0,0588	0,3843	-0,3503	-0,0462	-0,1587	0,2009
Education of the statutory officer	-	0,1095	0,2528	-0,1919	0,0936	0,2267	0,1777
Percentage of university-educated MEPs	-	-0,1975	-0,0909	-0,1563	0,2275	0,1614	-0,1677
Percentage of MEPs with a secondary education	-	0,0367	-0,1184	0,0495	-0,2893	-0,2962	-0,0442

Source: own elaboration

deputies and the total debt of the municipality. This is related to the caution and responsibility of university-educated MPs, who evaluate the risks of debt more and behave more conservatively when taking loans and borrowing (Table 18).

Table 18. Dependency analysis of management education and selected economic indicators in municipalities with 251 to 500 inhabitants. A

From 251 to 500 inhabitants	capital expenditure	non-current assets	financial accounts	long-term liabilities	immediate liquidity	total debt	debt service
Focus of education	-0,0782	0,0208	-0,1584	-0,0365	-0,2302	0,0682	0,1013
Education of the statutory officer	0,1928	0,1209	-0,0173	-0,0679	-0,1870	0,0385	0,0317
Percentage of university-educated MEPs	-0,0291	0,1779	0,1238	-0,1890	-0,0309	-0,2644	-0,0671
Percentage of MEPs with a secondary education	0,0651	0,0697	-0,1919	0,1980	-0,0455	0,2209	0,1915

Source: own elaboration

A moderately strong direct linear relationship was also shown for the educational attainment of the statutory and the basic per capita balance. A moderately strong inverse linear dependence was also demonstrated for the focus of education and the overall financial health of the local government. In this case, better financial health is found in municipalities with 251 to 500 inhabitants, where the elected mayor with an economics

or law degree is in office. In the other cases, the interdependence between the variables is not confirmed (Table 19).

Table 19. Dependency analysis of management education and selected economic indicators in municipalities with 251 to 500 inhabitants. B

From 251 to 500 inhabitants	payables 60 days past due	current account balance	investment intensity	basic balance per capita	net worth per capita	economic result per capita	overall financial health
Focus of education	-0,0786	-0,0712	-0,0038	0,0039	-0,0192	-0,0064	-0,3361
Education of the statutory officer	-0,0912	0,0445	-0,2298	0,2872	0,1405	0,2293	-0,0616
Percentage of university-educated MEPs	0,0947	0,0357	-0,0589	0,0724	0,2044	-0,0993	-0,0495
Percentage of MEPs with a secondary education	-0,1658	0,1360	0,1848	-0,1625	-0,0099	-0,0063	0,0583

Source: own elaboration

The next group is the municipalities in the size group from 501 to 1000 inhabitants. In this case as well, not many relationships and correlations have been proven. In the case of education focus, an inverse linear relationship with financial accounts was proven. A more positive situation was observed in the case of municipalities where the mayors have an economic-legal or technical university education. In this group of municipalities, a correlation was also found for the proportion of deputies with a secondary education and total debt (a different situation from the previous group) (Table 20).

Table 20. Dependency analysis of management education and selected economic indicators in municipalities from 501 to 1000 inhabitants. A

From 501 to 1000 inhabitants	capital expenditure	non-current assets	financial accounts	long-term liabilities	immediate liquidity	total debt	debt service
Focus of education	0,0467	0,0875	-0,2462	-0,1561	-0,1462	-0,0496	-0,0789
Education of the statutory officer	0,0573	-0,0056	-0,0881	-0,1299	0,0426	-0,1196	-0,1263
Percentage of university-educated MEPs	0,1888	-0,0351	0,0282	0,1810	-0,0610	0,2050	0,2153
Percentage of MEPs with a secondary education	-0,1321	0,0458	0,0716	-0,1059	0,0670	-0,2391	-0,2207

Source: own elaboration

For education focus, a moderately strong direct linear relationship was found between education focus and liabilities after 60 days of maturity. A stronger slope was observed for non-economic education (Table 21).

Table 21. Dependency analysis of management education and selected economic indicators in municipalities from 501 to 1000 inhabitants. B

From 501 to 1000 inhabitants	payables 60 days past due	current account balance	investment intensity	basic balance per capita	net worth per capita	economic result per capita	overall financial health
Focus of education	0,2517	-0,1136	0,2080	-0,1427	0,1435	-0,0184	-0,0367
Education of the statutory officer	0,1884	-0,0313	0,0843	-0,0190	0,0512	0,0941	0,1033
Percentage of university-educated MEPs	-0,0958	0,2208	0,1756	-0,1306	-0,0748	0,1007	0,1247
Percentage of MEPs with a secondary education	0,0667	-0,1835	-0,1424	0,1145	0,0473	-0,0567	-0,0653

Source: own elaboration

In the group of municipalities from 1,001 to 2,000 inhabitants, the correlation was proved for long-term liabilities, liquidity, total debt and liabilities 60 days past due. Long-term liabilities grew mainly in municipalities with mayors with non-economic education (lower accountability was demonstrated). Conversely, in these municipalities, on average, immediate liquidity declined at the same time. There was also a moderately strong inverse linear relationship for statutory education and immediate liquidity as well as total debt. Since a simultaneous dependence with capital expenditures was not demonstrated, this can be considered a negative phenomenon (Table 22).

Table 22. Dependency analysis of management education and selected economic indicators in villages with 1001 to 2000 inhabitants. A

From 1001 to 2000 inhabitants	capital expenditure	non-current assets	financial accounts	long-term liabilities	immediate liquidity	total debt	debt service
Focus of education	-0,2059	0,0426	-0,1025	0,3313	-0,2967	-0,0472	0,2089
Education of the statutory officer	-0,0964	-0,0199	-0,0136	0,1785	-0,2382	-0,3615	0,0044
Percentage of university-educated MEPs	0,0369	-0,0951	0,2255	0,1305	0,1228	-0,0452	0,0024
Percentage of MEPs with a secondary education	0,0212	0,0351	-0,1273	-0,1212	-0,1931	-0,0302	-0,0926

Source: own elaboration

Both direct and indirect dependence has been demonstrated for the relationship between Members' education and liabilities with more than 60 days of maturity. It is precisely the higher proportion of Members with a university degree that was found to be more prone to default. The situation was reversed for municipalities with a higher proportion of secondary-educated Members (Table 23).

Table 23. Dependency analysis of management education and selected economic indicators in municipalities with 1001 to 2000 inhabitants. B

From 1001 to 2000 inhabitants	payables 60 days past due	current account balance	investment intensity	basic balance per capita	net worth per capita	economic result per capita	overall financial health
Focus of education	0,13 93	- 0,1501	- 0,2150	0,15 52	0,0183	- 0,1524	-0,0111
Education of the statutory	0,11 28	- 0,0706	- 0,1295	0,12 59	- 0,0024	- 0,1507	0,1091
officer							
Percentage of university-educated MEPs	0,33 68	0,01 93	- 0,1101	0,17 24	- 0,0796	0,0044	-0,1174
Percentage of MEPs with a secondary education	- 0,2873	0,00 19	0,1686	- 0,1853	- 0,0002	0,0702	0,0932

Source: own elaboration

In municipalities with a population greater than 2,000, incomparably more interrelationships were found than in small municipalities. In municipalities with populations between 2001 and 3000, municipalities with non-economically educated mayors had better performance in financial accounts, long-term liabilities as well as immediate liquidity. Economically educated mayors performed better on debt service. In a positive sense, higher education affected the level of capital expenditures as well as financial accounts. Conversely, municipal indebtedness as well as the associated debt service declined with increasing educational attainment. In this size group, a positive relationship (direct linear relationship) was found between the proportion of university educated councillors and the level of capital expenditure, non-current assets as well as financial accounts. The opposite was true for the higher proportion of secondary-educated Members (Table 24).

Table 24. Dependency analysis of management education and selected economic indicators in municipalities from 2001 to 3000 inhabitants. A

From 2001 to 3000 inhabitants	capital expenditure	non-current assets	financial accounts	long-term liabilities	immediate liquidity	total debt	debt service
Focus of education	0,0449	-0,2772	0,5138	0,2489	0,5203	0,0366	-0,2404
Education of the statutory officer	0,3321	-0,0708	0,2593	-0,0432	0,1412	-0,3572	-0,4609
Percentage of university-educated MEPs	0,3281	0,3719	0,2699	-0,0291	-0,0277	-0,0144	-0,0786
Percentage of MEPs with a secondary education	-0,2985	-0,3930	-0,2295	0,0352	0,0793	-0,0456	0,0670

Source: own elaboration

For the other economic indicators, in the case of the educational orientation of the statutory officer, a positive strong dependence was observed in the group of non-economically oriented educational backgrounds. Balance sheet indicators increased for this group, but so did the per capita economic result and overall financial health. The current account balance, investment intensity, and overall financial health economic indicators also grew with the level of educational attainment.

A direct linear relationship was demonstrated for higher numbers of Members with a university degree and net worth per capita. An inverse linear relationship was found for a higher proportion of MPs with a secondary education (Table 25).

Table 25. Dependency analysis of management education and selected economic indicators in municipalities from 2001 to 3000 inhabitants. B

From 2001 to 3000 inhabitants	payables 60 days past due	current account balance	investment intensity	basic balance per capita	net worth per capita	economic result per capita	overall financial health
Focus of education	-	0,6736	0,2287	0,3097	-0,1069	0,5915	0,6427
Education of the statutory officer	-	0,3126	0,4210	0,0146	-0,0583	0,3605	0,4519
Percentage of university-educated MEPs	-	0,1392	0,1101	0,0533	0,2846	0,1176	0,0484
Percentage of MEPs with a secondary education	-	-0,0840	-0,0835	-0,0441	-0,2987	-0,0563	0,0323

Source: own elaboration

As the size of local governments increased, the number of direct and indirect correlations to education indicators also increased. The largest number of correlations was demonstrated for indicators and educational attainment. In this case, rather in a negative direction. Higher education of the statutory meant lower capital expenditure, as well as lower values of the financial accounts indicator, higher long-term liabilities, lower immediate liquidity, as well as higher debt service. For deputies with a higher proportion of college educated, capital expenditures, financial accounts as well as long-term liabilities also increased. The opposite relationships were shown for municipalities with a higher proportion of MPs with a secondary education (lower capital expenditure but also lower long-term liabilities) (Table 26).

Table 26. Dependency analysis of management education and selected economic indicators in villages from 3001 to 10000 inhabitants. A

From 3001 to 10000 inhabitants	capital expenditure	non-current assets	financial accounts	long-term liabilities	immediate liquidity	total debt	debt service
Focus of education	-0,0783	0,2749	0,0181	-0,0075	-0,0504	0,1753	0,0974
Education of the statutory officer	-0,2354	0,0905	-0,3927	0,2911	-0,2759	0,2070	0,3060
Percentage of university-educated MEPs	0,4716	0,1972	0,2592	0,5796	-0,0745	-0,0729	0,2282
Percentage of MEPs with a secondary education	-0,3902	-0,1020	-0,2214	-0,4767	-0,0179	0,1664	-0,1337

Source: own elaboration

A moderate dependence was found for the educational orientation for the intensity of investment (a greater tendency for mayors/mayors with economic, legal and technical backgrounds). Liabilities after 60 days of maturity were equally more common in municipalities with non-economics-oriented mayors. In municipalities with a higher share of councillors with secondary education, the intensity of investment declines (Table 27).

Table 27. Dependency analysis of management education and selected economic indicators in municipalities from 3001 to 10000 inhabitants. B

From 3001 to 10000 inhabitants	payables 60 days past due	current account balance	investment intensity	basic balance per capita	net worth per capita	economic result per capita	overall financial health
Focus of education	-0,3420	0,0849	-0,2338	0,2941	0,0149	0,1212	0,1079
Education of the statutory officer	0,1434	-0,1353	-0,3028	0,0756	0,1874	-0,1382	-0,2562
Percentage of university-educated MEPs	0,0290	0,0802	0,2247	-0,0878	-0,1747	-0,1654	0,0001
Percentage of MEPs with a secondary education	-0,1392	-0,0869	-0,3080	0,1757	0,1277	0,1171	-0,0076

Source: own elaboration

The largest number of relationships was demonstrated for the group of largest municipalities. When focusing on education, lower total debt as well as debt service was observed for statutory bodies with economics and law and technical education. A similar relationship was evidenced for non-current assets. A very strong direct linear relationship was shown between the proportion of university educated MPs and the level of capital expenditure, financial accounts and immediate liquidity. An inverse linear dependence was proved in the case of a higher proportion of high school educated MPs and financial accounts or immediate liquidity (up to −0.9187). A negative relationship (statistically positive) was demonstrated in relation to long-term liabilities, total debt and debt service (Table 28).

Table 28. Dependency analysis of management education and selected economic indicators in villages with population between 10001 and 50000 inhabitants. A

From 10001 to 50000 inhabitants	capital expenditure	non-current assets	financial accounts	long-term liabilities	immediate liquidity	total debt	debt service
Focus of education	0,1801	-0,5062	0,2565	-0,1244	0,1665	-0,2996	-0,5600
Education of the statutory officer	0,5844	0,0541	0,8954	-0,1818	0,2467	0,0238	-0,0343
Percentage of university-educated MEPs	0,1867	0,2251	-0,5844	0,7892	-0,9187	0,7667	0,5732

Source: own elaboration

To the disadvantage of non-economically educated statisticians, the dependencies in relation to the current account balance, the basic balance per capita as well as the net worth per capita come out. Similar relationships were also shown for the higher proportion of university-educated MPs (non-economic majors were more likely to be represented in the research sample) (Table 29).

Table 29. Dependency analysis of management education and selected economic indicators in municipalities from 10001 to 50000 inhabitants. A

From 10001 to 50000 inhabitants	payables 60 days past due	current account balance	investment intensity	basic balance per capita	net worth per capita	economic result per capita	overall financial health
Focus of education	-	-0,6874	-0,1564	-0,2581	-0,3238	0,2544	-0,0059
Education of the statutory officer	-	-0,2901	0,0440	-0,2713	-0,6457	-0,1602	-0,1834
Percentage of university-educated MEPs	-	0,7002	0,6819	-0,2856	0,0596	0,3281	-0,4065

Source: own elaboration

For secondary-educated MPs, a positive correlation was found for the current account, investment intensity as well as per capita economic output. For the first two, the tightness of the relationship was strong. An inverse relationship was shown for the basic balance per capita and overall financial health.

As the analysis shows, education is not a universal tool for increasing the management parameters in local governments, but in many cases it has a positive impact on the achievement of good results. From the partial results of the causal analysis, it is possible to confirm the relationship between educational attainment and a positive propensity for social responsibility. Education as a result of training, qualification as a combination of education and acquired practical experience is a prerequisite for a more comprehensive implementation of the principles of social responsibility not only in the economic sphere, but also in all other spheres that do not have a direct economic effect and cannot be expressed in monetary units.

5 Conclusions and Discussion

The human resources of the public administration are formed on the basis of democratic elections (according to the constitution, qualifications are not important), by appointment, where selection criteria are often related to qualifications and experience, less to the ability to be creative, imaginative and to see risks or to solve real problems for the benefit of the citizen, i.e. the client.

Education, training and, consequently, qualification are a continuous process and therefore one of the basic human activities. Qualifications and competences are the result of the educational process, which has two basic components - theoretical and practical. The theoretical one includes the attainment of a degree as official evidence of the completion of education in the formal education system and the completion of education in the non-formal education system. The practical includes acquired work experience.

The scientific aim of the scientific monograph was: On the basis of the analysis of theoretical approaches, primary research and secondary research to identify the qualification prerequisites of local government management, as an element of the economic and social pillar of socially responsible action, as well as the real impact of education on selected indicators of economic performance of local government - an element of the economic pillar of social responsibility. The output of the scientific monograph was to summarize the mutual influences of both pillars, where qualification prerequisites and required competences would contribute or influence the efficiency and good responsible management of the municipality. Included are the standards and structure of knowledge and skills that management should possess and that positively influence the efficient and socially responsible management of a municipality.

Competencies related to the process of leadership, resource management (material, financial, human, strategy), service delivery, partnership building, communication with partners, processes related to change management, risk management, project management, etc. are relatively invisible. Similarly, the evaluation of performance, results and activities such as customer or employee satisfaction. Also, performance growth, stagnation or decline in performance is often invisible in local government organizations unless it is regularly monitored. Similarly, gaps in the skills and competencies of the statutory, management as well as staff are invisible, or simply a lack of intrinsic motivation and personal approach.

Challenges for the future also lie in how these tools can be used in practice by statutory officers and members, and whether they underestimate the value of education and available management tools in improving the efficiency and management of local government. Social responsibility, including environmental protection, the use of new technologies and innovation, is an area that respondents rated as having a low impact on the efficiency of management in a city or municipality. However, it is a dichotomous phenomenon, in terms of assessing the short-term and long-term impact on management. When evaluating the electoral period, it is obvious that statutory and local government management focuses on visible results, including efficient management, which are expressed in numerical values. It is for this reason, therefore, that environmental protection, the purchase of new technologies, appear to a lesser extent in the answers. As an example; in the long term, new technologies can reduce the energy intensity of buildings, can make the education of a new generation more efficient, or can contribute to sustainable economic results at the local level as well as to a more efficient municipal economy. Education itself brings benefits in the long term and the effect of education is not immediately visible. In cities and municipalities, leaders see the value in education not only in relation to themselves, but also to their co-workers. The research also confirmed that longer-term statutory and management staff were more able to focus on leadership and

strategic planning due to their competencies, as they highlighted this area as a top priority. Management effectiveness is much more tangible after a minimum of 2 terms or more (e.g. 8–12 years), but systematic evaluation and change in the socio-economic environment requires constant adaptation to different influences, which they can manage due to their economic and financial competencies, in budgeting and cash management, which was also highlighted by the respondents in the evaluation. Efficiency is directly measurable and visible in raising external funds and in grants which the research sample of statutory and management staff confirmed in the first rank. Importantly, in doing so, they highlighted prior qualifications and competencies.

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