Disappointment or unexpected gain?
A survey-based study of the motives and outcomes of inter-municipal cooperation in Poland

Abstract
Based on a survey of inter-municipal unions (IMUs) and inter-municipal companies (IMComs) in Poland, this article identifies the most common motives for launching inter-municipal cooperation and the most frequently reported outcomes. The declared motives are compared with the perceived outcomes, with a particular focus on mismatch situations: disappointments (when the expected gain was not realised) and unexpected outcomes (when the reported outcomes exceeded initial expectations). The research shows that the latter are reported more frequently than the former. The most frequently indicated motives for cooperation were related to financial benefits and included cost reduction and applying for additional funding. The “defensive” motive of IMC – cooperation to maintain the status quo – is practically absent. The data also suggests that cooperation can be perceived as “a value in its own right”.

Keywords
Inter-municipal cooperation • local government • Poland

**Introduction**

Inter-municipal cooperation (IMC) is seen as a possible way to achieve additional benefits, increase capacity to deliver services, harvest economies of scale, sometimes as an escape from the amalgamation of smaller municipalities (Teles 2016; Teles & Swianiewicz 2016). Cooperation between local governments as a means to achieve additional gains or a method to respond to problems of coordination was already present (e.g. in public choice theory) in the 1950s. The “reform theory” suggested it as a preferred institutional solution for metropolitan areas (Tiebout 1956; Ostrom et al. 1961).

The existing literature discusses the rationale for inter-municipal cooperation, advantages and disadvantages of various institutional arrangements, methods of matching with other partners (usually through similarity of problems or needs, similar institutional arrangements, tensions between partners’ particular interests), and management of emerging conflicts (e.g. Hertzog 2010; Borraz & Le Galès 2005; Marcou 2010; Wollmann 2007, 2010; Deffigier 2007; Zuffada 2008). A comprehensive summary of debates on IMC and related empirical research may be found in Dowding & Fellock (2012). Yet, when it comes to the motives for launching IMC, the literature is less abundant. One of the core studies theorising the motives for cooperation (Sullivan & Skelcher 2002), refers to various agreements between different public agencies, private and non-governmental organisations, thus inter-sectoral, not inter-municipal cooperation. Keeping in mind the differences between those contexts, we still find this typology useful (see next section).

The aim of our paper is twofold. Based on the survey of IMC entities in Poland, we aim to distinguish the most common motives for launching IMC and the most frequently reported outcomes. We are interested in whether they correspond to the types distinguished by Sullivan & Skelcher (2002). Subsequently, we will compare the declared motives with the perceived outcomes. We focus particularly on mismatch situations as the most interesting ones. We identify both disappointments (when the expected gain was not realised) and unexpected outcomes (when the reported outcomes exceeded initial expectations).

The existing research on IMC in Poland is dominated by the legal approach and focuses mainly on administrative inventories of inter-municipal entities (e.g. Leofski 1996; Kachniarz 2012). Studies on soft aspects of cooperation: collective governance, motives and perception of benefits from IMC, are less numerous. A comprehensive survey of IMC in Poland has recently been presented by the Association of Polish Cities (Porawski 2013). Various forms of IMC were catalogued also by Kolsut (2015). Several studies applied Social Network Analysis to investigate the internal structure of IMC entities (Furmankiewicz & Stefanińska 2010; Furmankiewicz & Królkowska 2010). Another stream of national literature discusses the link between EU funds and IMC (Sarapata et al. 2010; Lackowska & Świątnicka 2013; Dąbrowska & Szmigiel-Rawska 2015; Krukowska & Lackowska 2017). An interesting endeavour to study IMC in its various legal forms was recently undertaken by Łukomska & Szmigiel-Rawska (2015), who analysed cooperation on the basis of budget data. Nonetheless, the existing literature only marginally describes the differentiation of motives behind inter-municipal cooperation in Poland, and the relationship between initial motives and perceived benefits from cooperation. In this paper we attempt to fill this research gap.
In the following sections we present a brief overview of IMC entities in Poland, comparing their various legal forms and assessing their significance in Polish local governance systems. We focus on inter-municipal unions (IMUs: związki międzygminne) and inter-municipal companies (IMComs: spółki komunalne), which are the most formalised, well-rooted and financially significant forms of IMC in Poland. We base our analyses on the surveys of Polish IMUs and IMComs conducted in 2015 and 2017, respectively.

Perceived motives and outcomes of inter-municipal cooperation

The multilateral character of cooperation implies that each of the actors involved may be guided by different motives. Some authors suggest that the homogeneity of partners is an important factor enabling/disabling common action. According to Feick, Steinacker & Park (2009), the diversity of partners’ economic situations may have a negative impact on the likelihood of cooperation. Blaeschke (2014) argues that the homogeneity of partners supports cooperation, as it is easier for partners to agree on common goals.

The existing literature enumerates many benefits of inter-municipal cooperation: lower cost of service provision; better fit to catchment areas which, in the case of many services, cross administrative boundaries; more efficient management of functionally integrated but administratively fragmented areas, better access to external funds, etc. (Dawid & Feick 2012). These benefits are somehow present in the declared motives of cooperation, as well as expectations expressed by key decision makers. Describing the motives for launching inter-sectoral agreements, Sullivan & Skelcher (2002) refer to the interactions which are non-obligatory (i.e. not imposed by legal regulations) and in that sense their viewpoint may be helpful in understanding the reasons for which municipalities decide to cooperate. The authors grouped the motives for launching non-obligatory arrangements into three categories:¹

(i) optimist – attempts to achieve the common vision. The authors link this approach to the exchange theory, collaborative empowerment theory and regime theory. In an optimistic scenario, the cooperation appears as a way to improve the situation and in order to fulfil a common (not individual) goal. “The collaboration will result in positive outcomes or improvements for the system as a whole” (Sullivan & Skelcher 2002: 37). In the context of IMC, this perspective treats cooperation as a way to achieve common goals and/or maximise the available resources – e.g. when a group of local governments decides to coordinate (or to jointly deliver) services within the functionally integrated but politically fragmented area or when it decides on joint delivery in order to reduce costs; this type of cooperation enables the broadening of the range of services provided (economies of scope supplement the classic economies of scale argument);

(ii) pessimist – attempts to achieve individual goals by using the resources of the other organisation(s). This perspective refers to the resource dependency theory: cooperation is driven by the scarcity of resources and, in an extreme case, even by the willingness to gain control over the resources of other actors. In the context of IMC, the presence of the partner might be needed to fulfil formal requirements, or the cooperation occurs in order to defend small local governments against the plans of territorial amalgamation reforms. IMC is used to provide evidence that changes suggested by proponents of territorial reform may be achieved without formal changes of territorial boundaries (Hertzog 2010; Kerrouche 2010; Klimovsky et al. 2014). Contrary to the

¹ The typology refers broadly to the one proposed by Challis et al. (1988); however it has been developed and supplemented with the third group of motives by Sullivan & Skelcher (2002).

original description by Sullivan & Skelcher, IMC is hardly ever related to taking over the resources of other entities;

(iii) realist – this approach is a combination of the two previous perspectives. The cooperation is driven by a common and shared desire for improvement, and is promoted as a result of the partners’ scarce resources facing a changing external context. It is related to the evolutionary theory, in which IMC is perceived as a dynamic process where motivations and expected distribution of benefits change over time in response to the modification of external context (e.g. incentives provided by central government, increasing demand for the quality and diversity of services or market pressures).

Joint undertakings realised within the network structures are difficult to assess. The critics of network governance notice that there are no fixed criteria for such an evaluation (Mazur 2015:45). Moreover, flexibility of network governance can change the expectations of the partners (motives of cooperation) and as a result, also the effects of joint action (Klijn & Koopman 2000). Simple comparison of preliminary motives with the final effects of the process may be deceiving – the interests and priorities of the partners and the group as a whole might have changed. In this light some authors claim that studying public policies should focus less on the realisation of goals and more on governability per se (Heinelt 2008). This is especially true in multi-level systems (like the one created by municipalities and institutions of inter-municipal cooperation), which function in a very specific way (Kohler-Koch 1999).

Forms of inter-municipal cooperation in Poland

Since the early 1990s, the Law on Local Governments has been providing three main institutional arrangements for inter-municipal cooperation in Poland. All of them are purely voluntary.

(1) Unions: established by municipalities as separate entities (with their own resources and authority; council, and management board) responsible for the joint delivery of certain public services; in principle, since the establishment of IMU, the member municipalities should not perform delegated functions on their own.

(2) Agreements: in which one or several municipalities delegate certain obligations related to service delivery (e.g. pre-schools, elderly care, public transport) to other municipalities in exchange for financial transfers; however, no separate entity is established as a result of this agreement and no joint authorities are created; this type of cooperation in especially popular in urban agglomerations.

(3) Associations: established by municipalities, similar to those established by citizens, which are separate legal entities with their own authority and resources, but cannot be vested with the responsibility of public service delivery; associations usually represent the interests of member municipalities or promote regions.

Simultaneously, municipalities can create inter-municipal companies, based on the Code of Commercial Companies; they can have two or more municipalities as shareholders and, for that reason, they are also treated as a form of inter-municipal cooperation despite not being designed specifically for local governments. This legal form was widely used in the 1990s, during the process of communalisation, in which former state-owned public utilities (e.g. water companies, public transport companies) were transmitted to municipalities.

The other forms of inter-municipal cooperation – foundations and consortia (created in order to jointly negotiate and sign contracts for various services and materials) are of much lesser importance. Local action groups (related to the EU LEADER+ programme), as well as local tourist organisations serve as
examples of joint inter-municipal and inter-sectoral partnerships and usually adopt the legal form of association. Similarly, seventeen areas of "integrated territorial investments", created to implement EU regional development policies in functional urban areas, adopted less formalised legal forms of agreement or associations (Krukowska & Lackowska 2017).

According to Świaniewicz et al. (2016) estimations, the three most significant forms of IMC – unions, agreements and companies – account for 3.22% of municipal expenditure in Poland. This is the best available financial indicator of cooperation intensity and it demonstrates that cooperation among municipalities does not account for a significant proportion of local finances. However, it is only the average picture. Locally, inter-municipal cooperation could be an issue of high importance, as it could account for a much higher share of expenditure of a particular municipality; it can assure strategic utilities for citizens (water, sewage, etc.). Finally, it can be efficiently politised by local authorities.

In 2015 there were 162 active inter-municipal unions (IMUs) varying in terms of size, number of member municipalities and domain of activity. According to their official annual reports, the biggest IMU accounted for 42% of all IMU expenditure, the smallest reported almost no financial transfers. In total, expenditure of IMUs in 2014 amounted to PLN 1,880 m (EUR 450 m), which equals 1.22% of all public expenditure of local governments (Świaniewicz et al. 2016). Świaniewicz et al. (2016) identified 160 inter-municipal companies (IMComs) (owned by at least two municipalities or municipal unions; with their shares accounting for at least 50% of all the IMCs’ stock). In 2012 these companies reported total sales of PLN 2,506 m (c. EUR 600 m), which is 1.62% of all municipal expenditure (Świaniewicz 2016).

Inter-municipal unions and companies are considered as highly institutionalised forms of inter-municipal cooperation, as they are durable, separate legal entities, and relatively hard to abolish. However, the organisational capacity of IMUs depends largely on the assets which the member municipalities hold. The research on Polish IMUs and IMComs suggests that there are also many “weak” organisations with low budgets, few tangible resources (i.e. few staff) and almost no investments.

Research outline, data and method

When comparing the declared motives of cooperation with the perceived outcomes in surveyed IMUs and IMComs, we focus particularly on the mismatch situations: (i) disappointments (when expected gain was not realised) and (ii) unexpected outcomes (when reported outcomes exceeded initial expectations).

Discussing the motives, we refer to the typology of Sullivan & Skelcher (2002). However, in Poland, municipalities are relatively large (the smallest counts approx. 1,200 inhabitants), and no plans for amalgamation reform were announced by the central government (Świaniewicz et al. 2016); thus we do not observe cooperation driven by the risk of amalgamation. This directs our attention to the cooperation motivated by common goals and responses to the changing environment. One may indicate two main drivers exemplifying the latter category. First, in the case of IMComs, recent changes in waste management law have caused far-reaching changes in local provision of this service, including launching new IMComs in this field. Secondly, many IMC entities were established in order to gain access to EU funds. IMC could be either a formally, explicitly verbalised precondition for EU grants or an informal incentive, by which regional or national decision makers persuade LGs to jointly apply for funding for one complex project rather than several separate (and smaller) ones.

We formulate the following research questions:
- what are the main motives for launching IMUs and IMComs in Poland? How do they differ for both types of organisations and how do they correspond to the motives distinguished by Sullivan & Skelcher?
- what effects of cooperation are observed most often in Polish IMUs and IMComs? How do they differ for both types of organisation?
- how are the effects of cooperation related to the declared motives of cooperation? Are the motives of cooperation fulfilled or do we observe mismatch situations? Is there a difference between the two forms of IMC under study? Should the mismatch situations be interpreted as a failure of cooperation or, in other words, how are the effects of IMC related to the notion of success in IMC?

This paper is based mainly on the survey of the offices of inter-municipal unions and companies in Poland. The data was collected in 2015 (for IMUs) and in 2017 (for IMComs). Invitations were sent out to all registered and active IMUs (we verified that they presented obligatory financial reports for the previous year) and all inter-municipal companies. The employees of the unions and companies (usually office managers) could fill in the questionnaires either on paper or via the internet. In the IMU survey, we gathered 65 responses, i.e. a response rate of 41% of the target population. It is worth noting that the response rate was significantly higher among larger unions – the sum of the annual budgets of IMUs that responded to our survey amounts to 79% of all IMU budgets in Poland. In the case of IMComs, the response rate was much lower – 22% (n=35). The survey results are supplemented by the findings from field research (four case studies of IMU and two of IMComs) and analyses of the annual budgets and financial reports.

While analysing declared motives and perceived outcomes we leaned on the survey questions regarding what the members of the IMU wanted to achieve by means of cooperation and if it was achieved. This was also the basis for distinguishing mismatch situations. Information from the case studies served as an additional explanation of the motives and perceived outcomes.

Perception of motives and outcomes of IMC

Marriage for money?

The most popular motives rank in a similar way for both investigated forms of IMC (see Fig. 1). The most frequently indicated motives for both IMC forms were related to financial benefits and included cost reduction and gaining additional funding, whereas the other results were chosen less frequently. It is interesting to note that for IMComs, the differences in the three most popular answers are very small, in contrast to IMUs, for which the 3rd motive (exchange of experience) is admittedly less important than the financial motives.

The most popular motive declared by the IMU offices – cost reduction – in our context can be interpreted in two ways, thus it is difficult to assign it to the group of motives defined by Sullivan & Skelcher.

First, this motive could be focused on the lowering the unit cost of service, due to the effects of scale in the performance of “routine” tasks of local government (service provision etc.). IMU respondents declared that without cooperation, their municipality would have much higher expenditure to achieve the same effect. What is interesting is that this motive is much less visible in the case of IMComs. Secondly, this motive may also be understood as a reduction of municipal investment expenditure thanks to the implementation of key projects financed from the joint budget. High investment costs can be distributed among partners: the time required to realise an undertaking diminishes, whereas the

2 From 2016, counties (meso tier of local government) are also allowed to join unions.
The scope of action expands. In addition, the larger scale project makes it possible to negotiate more favourable conditions for its financing and subcontracting. Our case studies of IMUs gave particularly strong evidence to support the second, purely “investment” understanding of the savings incurred through cooperation (Świaniewicz et al. 2016); however, in both situations we observe a mixture of egoistic and altruistic motivations, rather than classical optimist or pessimist types of cooperation drivers.

The latter understanding of “cost reduction” brings us close to the second most popular motive, i.e. receiving external funding. Looking from the perspective of the outcomes of cooperation, gaining external (usually EU) funding proved to be one of the most important benefits mentioned by our respondents (both in the survey and in the field research). However, it is once again more common among unions than companies: 37 out of the 65 IMUs and half of the IMComs surveyed declared the importance of this motive. Respondents often mentioned formal restrictions as separate municipalities they would not be eligible to apply for funding reserved for larger projects, which brings to mind the pessimistic group of motives. In their opinion it could also be difficult to gain the required visibility and reliability among competitors. Thus, when (if at all) this kind of instrumental cooperation driven by external stimulus becomes internalised, it might be maintained thanks to the more optimistic motivations of the partners.

An increase in municipalities’ visibility and mutual learning are the least frequently declared motives for launching IMC. Both of them can be rather associated with an optimistic approach, according to the Sullivan and Skelcher (2002) typology. It is interesting that the increased visibility of the cooperating area is more often expected by IMUs than by IMComs, which fits with the more technical character of the latter; IMComs in general seem to be less visible to citizens than IMUs. For some of the IMU respondents, creating a well-known, estimated, and reliable brand of a common entity is perceived as a value per se, which can be used for other purposes in the future (e.g. for the implementation of other projects). In the case of these two optimistic motives, we observed a relatively high share of “unexpected gains”.

There is no one prevailing model for launching IMC in Poland. It is a mixture of altruistic and egoistic motivations, most often concerning financial aspects, above all thriftiness in providing good quality local public services. A common feature is that, in the vast majority of cases, cooperation allows planned goals to be achieved and that, over time, the partners quite often discover additional (not expected) gains, which can be associated with the optimistic approach defined by Sullivan & Skelcher (2002). The scope and character of the cooperation evolve. In our case studies we observed extreme situations of keeping the IMC institution even if there was no longer an objective rationale for it, e.g. member municipalities not using the services of the IMComs they co-own, but at the same time not interested in withdrawal. Many IMC platforms seem to be maintained “just in case” and their presence allows municipalities to respond fast to a change in context; this clearly corresponds with the realist group of motivations. Another situation, often encountered, is when the cooperation structure becomes a value per se and the partner municipalities are willing to maintain it even if they have to find new common tasks.

On the conceptual level, we have identified an interesting discrepancy between inter-sectorial and local government cooperation. In the case of the former it seems to be rather the cooperation of independent entities, equipped with different types of assets and characterised by diverse goals, legal statuses and motivations. In turn, local governments are much more similar in all these aspects: they are responsible for the same or very similar tasks; they operate within the same institutional framework. This makes their cooperation more flexible, more often reflecting the Sullivan & Skelcher realistic approach, and, therefore, more durable.

**Motives versus outcomes: a perfect (mis)match?**

Once the declared motives and perceived outcomes are compared (Fig. 1), it turns out that in most cases, expectations were fulfilled. This refers especially to the financial effects. Soft benefits (exchange of experience, mutual learning and marketing) are more often seen as side effects. “Additional benefits” were reported for each outcome and in both investigated forms of IMC. It supports the neo-functionalist view that once initiated, cooperation expands for new areas or tasks not thought of at the beginning (Jensen 2010), and in parallel the motivations of partners evolve.

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1 This motivation was strikingly visible after 2014, when the national government made it almost impossible for the municipalities to get EU financial support for typical urban projects without broader territorial cooperation. It resulted in a prompt blooming of IMC structures in most Polish agglomerations.
Cases of “failed expectations”, when declared motives did not achieve expected results, were declared by no more than 10% of IMUs and IMComs. Such situations were much less frequent than unexpected gains, and if they happened at all, they referred rather to the financial aspects: lowering functioning costs or gaining additional funds. Referring to the alternative mentioned in the title of our paper, the IMC much more often leads to unexpected gains than to disappointment.

While analysing the mismatch situations, we have to consider a few problematic aspects. First, we should keep in mind that our quantitative results reflect the opinions of the IMC institution employees. However, the six case studies have demonstrated that opinions of the partners correspond to a large extent to the declarations of the IMC bureau. Secondly, as the realistic approach claims, linking the achieved goals to the initial motives might be deceiving, as (along with the neo-functionalist approach) they change in the course of the process (Klijn & Koopenjan 2000). Some undertakings might be abandoned, some evolve, and new goals emerge as the needs and preferences of the partners involved in cooperation change. This was confirmed by the case studies conducted in IMUs and IMComs (see also Swianiewicz et al. 2016). Had it not been for those changes in goals and transformations of the scope of cooperation, the achievement of a goal would mean the end of cooperation as the task had been accomplished. In most of the cases we investigated, the institutions which were successful in achieving common goals were used for new purposes. This shows that the custom of cooperation and elaboration of its structures are treated as valuable and worth sustaining, which can be related to the declarations on “improving visibility”.

Discussion about achieving preliminary goals leads to the interesting question about the signs of success: is success the mere accomplishment of the preliminary aims or is it rather evolution, persistence of cooperation, and ability to find new common interests? Acknowledging that the aims may change over time requires admitting that there is more to success in cooperating than just fulfilling preliminary goals. The assessment of the success of IMC (which is not the aim of this study) requires a set of measurements adequate to the specifics of a single initiative. Usually, any kind of development (embracing new members or issues) can be seen as a positive sign. Similarly, the persistence of cooperation is valuable, even though in some cases it is inevitable (e.g. in service provision), and in some cases, cooperation may end with the completion of a project (in investment-oriented IMUs).

Conclusions

The research on Polish inter-municipal unions (IMUs) and inter-municipal companies (IMComs) leads to several conclusions related to the declared motives for cooperation and achieved outcomes.

First, the surveys of IMUs and IMComs demonstrated that the financial motives, such as cost reduction through service delivery or common investment projects, prevail. In the former, municipalities attempt to harvest economies of scale. In the latter, they attempt to increase their capacity to conduct larger projects and attract external funding, in many cases reserved for larger entities and functional areas. We found that IMComs were more market-oriented and driven by financial incentives than the IMUs.

Secondly, the declarations of the IMC entities demonstrate that most of the declared motives for cooperation have been achieved. The cases of “disappointments”, where a declared motive of establishing cooperation did not correspond with the declared outcome, were very rare. The survey identified more spillover effects, i.e. cases in which additional aims, not considered initially, were achieved through IMC (in its both institutional forms analysed in this article).

Thirdly, the survey data on the dynamics of cooperation in IMUs and IMComs, supplemented by the qualitative evidence from the case studies, clearly suggests that cooperation can be perceived as “a value in its own right”. Often, more frequently in the case of IMUs than IMComs, the cooperating institutions, once their initial goal is achieved, modify their scope and territorial range (set of partners), as they want to continue collaboration. It is difficult to evaluate cooperation once it is analysed as a process, not as an incidental project with precisely defined goals to be achieved (Klijn, Koopenjan 2000). A closer look at the data from the IMU survey indicated that the performance in goals achieved does not correspond closely with the level of satisfaction of partners, nor with the survival of the IMC institution itself (Swianiewicz et al. 2016).

Last, but not least, we argue that the Sullivan & Skelcher typology is useful for studies of IMC. In general, the opposition between optimistic and pessimistic approaches to cooperation seems to fit very well with the cases of IMC. The former approach can also be referred to as deep cooperation – occurring with no external pressure, as an entirely voluntary activity in order to achieve common goals and visions (e.g. quality of services, quality of natural environment). The latter approach corresponds to the superficial cooperation, stemming not from the will to act together to achieve commonly agreed goals, but from the need to comply with the external regulations or pressures, or under the realm of scarce or lacking resources. However, in practice both types usually happen in the face of a changing environment, so it is also likely that their proportion changes over time. As Sullivan & Skelcher suggest, the realistic approach to cooperation assumes that these two types may be mixed. Thus, their supplement to the typology presented by Challis et al. (1988) seems rational, empirically useful and frequently observed in local government day-to-day practice.

The main difference between IMC and inter-sectoral cooperation (which was the original focus of the discussed typology), lies in the fact that the municipalities usually have relatively similar resources as they have similar legal competences and obligations. The main differences relate to the amount of available resources, not their type, whereas actors in inter-sectoral partnerships cooperate usually in order to gain access to the complementary resources of other institutions. Thus, intersectoral cooperation may be more often driven by pessimistic drivers than inter-municipal ones. In addition, the abovementioned comparability of municipalities’ assets, together with the similarity of the legal context and identical scope of competences, make IMC institutions more persistent and their goals more adjustable according to changes in the external context.

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