

PUBLIC SERVICES STANDARDIZATION AS A PREREQUISITE OF POLISH TERRITORIAL SELF-GOVERNMENT UNIT (TSU'S) EFFECTIVENESS

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Abstract. *The search for assessment methods of territorial self-government units activities is related to the need of adaptation of various types of instruments and mechanisms, which theoretical and implementation basics are developed by different scientific disciplines. Some theories claim that ensuring the effectiveness in the functioning of these organizations can be achieved through the minimum public services standards. It is the effect of the cost categories adaptation, which – as an economic category – ensures: the utility of the services, the compatibility of resource consumption with the needs of local communities and the binding procedures, as well as understanding the goals and entrusted or commissioned tasks, etc.*

Keywords: *public service, standardization, territorial self-government unit, effectiveness.*

1. Introduction

Local government, being one of the most important and active participants in the economic life of the state, is involved in the exercise of public authority, fulfilling both own, entrusted and commissioned tasks. In its action it is obliged to maintain the thriftiness which is evaluated on the basis of frugality, efficiency and the relation between costs and effects. In this context, an important area of consideration for both theorists and

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practitioners of TSU functioning around the world is the rationalization of the public sector activities and the reduction of waste resulting from either ignorance or disobeying management principles recognized in the organization and management theory, as well as denying the already known good practices of the developed countries. It also involves the need to overthrow the thesis that the theoretical problems of public administration are merely the domain of law and politics. Both of these disciplines should rather act an ancillary role, offering ideas and solutions developed through conceptualization and operationalization of the economics, organization and finance theory research fields. It is however common that economists try to interpret the law while lawyers annex economical or financial theories in their publications.

The paper attempts to provide a theoretical justification for the need of implementation of minimum public services standards in Poland as a prerequisite to ensure the efficiency of local government administration.

The study applied contemporary management theories on the public sector units, as well as the results of conceptualization of the effects of applying costs in planning and performance evaluation of local government sector organizations.

2. Efficiency and effectiveness in the TSU activity assessment

The public sector – as a part of the organization which is the state – consists of people, tasks, technologies, structure and management [1]. The systemic approach of this sector allows noticing that both its individual components and identified cause-effect relationships lead necessarily to achieve measurable benefits that provide long-term actions aimed at changing environmental conditions. The effects of these actions are the services and goods, which meet the needs of citizens and other stakeholders, as well as their distribution in line with binding legal, economic and social arrangements.

Thus, the TSUs that aim to achieve a state consistent with the model assumptions should become a specific monolith. The actions of its components should be coordinated and focused on achieving objectives compatible with the purpose of whole, which shall effect in the shortest possible time of their execution , high quality and optimal low cost. Therefore the organization’s teleological character, requires “expressing, as precise as possible, the long-term mission and time-specific business objectives” [1], which will allow evaluating organization’s efficiency by

making use of the degree of assumed objectives realization (effectiveness) and determining the state of economy, measured by relation of effects of actions and opposing their costs.

Effectiveness is understood in this article as a measure of achieving the intended results and is simultaneously expressed by the target achievement degree (operational issue) and the accuracy of the adopted action target (strategic issue) [2]. Economical effectiveness is treated as a relation between effects (what was achieved) and costs of the actions taken [3] – which is valuable measurement of the need for resource consumption. Such an understanding of effectiveness exhausts the European Union's principle of sound financial management [4], combining economy, efficiency and efficacy. These categories are attainable through ensuring the advantage of action [5], which is the absolute difference between the achieved utility effects and necessary incurred expenditures.

The specificity of the local government sector requires including ethics – understood as a compatibility between chosen activities and the adopted system of values, together with the moral standards recognized in certain community.

The issue of efficiency, which provides information about the performance, organizing adequacy and wisdom in exploiting resources [6], is also a measure of the extent to which organizations achieve their goals. Hence, the mechanism of conscious implementation of social objectives is particularly essential in the public sector activity, as it demonstrates the self-regulation of the society. Simultaneously, one of the key issues in this context is taking care of the proper functioning of the entire economy which determines the possibility of achieving private and social objectives. Some researchers [7] identify this assumption as a universal economic goal of an instrumental character, achievement of which is associated with providing a special place for state policy economic purposes or individual units distinguished within the administrative division.

The analysis of the TSU activity requires the awareness that their economic goals have relatively lower importance than the socially oriented objectives. Such a dichotomy of purposes should not lead to the abandonment of the exploration, adaptation and implementation of pro-effective ways of involving public resources. For it is known that the management processes require focusing on acquiring revenue and income and placing the assets in a way that ensures the implementation of strategic and operational objectives of the unit [8].

Management quality is thus expressed by the effects of managing the available resources in certain internal and external conditions. In TSUs it

can be measured by the level fulfilling the needs of local communities. In practice, due to the public choice concept, this often causes the tendency to excessive fund spending [9], particularly in terms of weak social and political control and defective mechanisms of representative democracy conditions. It is a result of – known from management science theory – equifinality phenomenon which allows obtaining the same results under the same conditions, using various resources. Therefore, often – e.g. in accordance with the human rationality – certain effects are obtained at higher costs, but without burdening people responsible for their achievement [29]. The measureable result of the phenomenon is, in this case, lowering the effectiveness of the resources at the disposal of the TSU.

Therefore it is plausible to conclude that the regularity of the decision making process is one of the most significant conditions of improving the economic situation and the quality of the organization's functioning. Ensuring the compatibility of action and the main objective of TSU as well as the rational usage of resources are however the necessary conditions. This requires the separation of the decisions taken into two groups [10]:

1. financial decisions – involving funds collection, reflected in budget revenues,
2. investment decisions – determining ways of obtained revenues usage, which is illustrated by the structure and the direction of budget expenditures.

Therefore it is justified to engage appropriate and formalized tools [11] in the decision making process (current and developmental) supplemented with instruments, techniques, criteria and rules of control of the course of phenomena associated with the accumulation and allocation of resources at the disposal of TSU.

A vitally important issue connected with the increase of organizations efficiency in spending public funds is to counteract such negative phenomena as: decreasing quality of services, inability to fund commenced investment projects, the concentration of current expenditure on one or a few selected areas, etc.[10]. The selection and adaptation of solutions to prevent these phenomena require paying particular attention to the attempts to implement quasi-market local government management mechanisms. In this context, S. Owsiak's observation should be regarded as true [12]. The author points to the discrepancy between the application of these instruments and the hierarchical structure of administration and identifies two approaches aimed at increasing operational effectiveness:

1. focusing attention on increasing the freedom of public funds holders in the area of operating and enhancing their responsibility for

choices made – this involves the need to plan and assess its efficacy, decentralization and increased flexibility in the range of resources utilization, setting goals and measuring results, the application of benchmarking, etc.

2. taking action to move or stimulate market behavior in public entities – this requires the creation of similar operating conditions as in the private sector and an attempt to use the agency theory, assuming that the separation of operational functions and entrusting them to separate individuals, gives the possibility to determine their duties, responsibility, defining the result measures, etc.

The assessment of indicated correlations leads to the conclusion that, irrespective of the chosen approach, all decisions related to the public funds expenditure should be preceded by an analysis of current and future needs and possibilities of their financing. Therefore the major challenge in the TSU management is the selection of investment priorities and juxtaposing them with current expenditures, maintaining the indispensable and desirable level of public needs satisfaction. It is particularly important in the context of the separation between current and investment budgets, which results in chaotic and *ad hoc* changes of investment plans (even during one year) [13]. The preservation of the appropriate proportion is not possible without identifying the fundamental standards of implementing the actions.

To conclude, it is important to consider the specificity of the sector in decision making expressed, among others, by the fact that both the content of socio-economic objectives as well as the proportions between them are conditioned by the political system, in which many and varied pressure groups: [13] media, think tanks, moral authorities, social movements, opposition parties, etc. still report a variety of demands and try to influence the politics. The TSUs performance budget requires the implementation of management by objectives, which results in the need to set public services standards, which – as the measures of effects – are a substitute for the market mechanism. Based on the assumption of individual TSUs competitiveness [8], these standards should specify only the minimums guaranteed by the public finance system, leaving decisions about their extending to the communities and their authorities. Under these conditions it is possible to indicate organizations operating efficiently and those which function require the authorized bodies' intervention.

Thus the effectiveness evaluation requires both: [14] evaluation of the process effectiveness and the evaluation of the results. It is however indispensable to give priority to the process effectiveness, which mainly

concerns the provision of thrift of the necessary expenditures for its implementation and their economic use. The obtained outcomes effectiveness is complementary to the activities carried out; because it takes into account both outlays and results obtained through them. Thus, efficient public finance sector organizations are obtained as a result of such activities carried out.

3. Standardization of activities and the specificity of TSU's costs

The functioning of each organization – regardless of the sector they represent – is conditioned by the information about the amount of incurred cost, which is a fundamental economic category reflecting the organization's work quality in all sections [15]. It is impossible not to incur costs, therefore, the main problem is to ensure continuity in their reduction. In this sense, the issue of costs is a primary area of managers interest in any organization, including particularly – due to the public nature of resources – public finance sector entities.

The specificity of the local government sector means that the bases for organization's quality assessment are the features and functions of services, which meet the expectations of citizens and other stakeholders in local communities. On their basis should be identified not only the types of resources required, but also how they should be chained together to achieve the best results in organization's normal activities. Thus the result of the indicated correlations analysis is the information about the level of necessary own costs, understood as (expressed in money) the deliberate use of organization's resources and some of the expenses that are not the said consumption – insurance, taxes, fees, etc., in the case of local government also granted subsidies or other benefits financed from the budget – resulting in a useful product or service [16]. Their inherent effects are expenses that refer to any reductions in cash, which causes that not all costs correspond to organization's own costs, serving, among others, financing lost or wasted resources.

In assessing organization's own costs, it is necessary to pay attention to the costs characteristics, included in the definition given, are connected by a conjunction (Fig. 1), which means that they all must be fulfilled together. A failure to comply even one of the conditions (advisability, compliance with the normal activities, final utility, etc.) results in the appearance of losses in the organization's functioning. This phenomenon reduces the economic effectiveness level, which is the relation of obtained

results to the consumption of the production factors measured in accordance with the accepted principles (mainly on the basis of expenditures). The recognition of losses in this account – that are a result of the inexpediency of consumption, exceeding the standards or the lack of utility of services – reduces the economic effectiveness, thus becoming a cause of poor assessment of the organization.

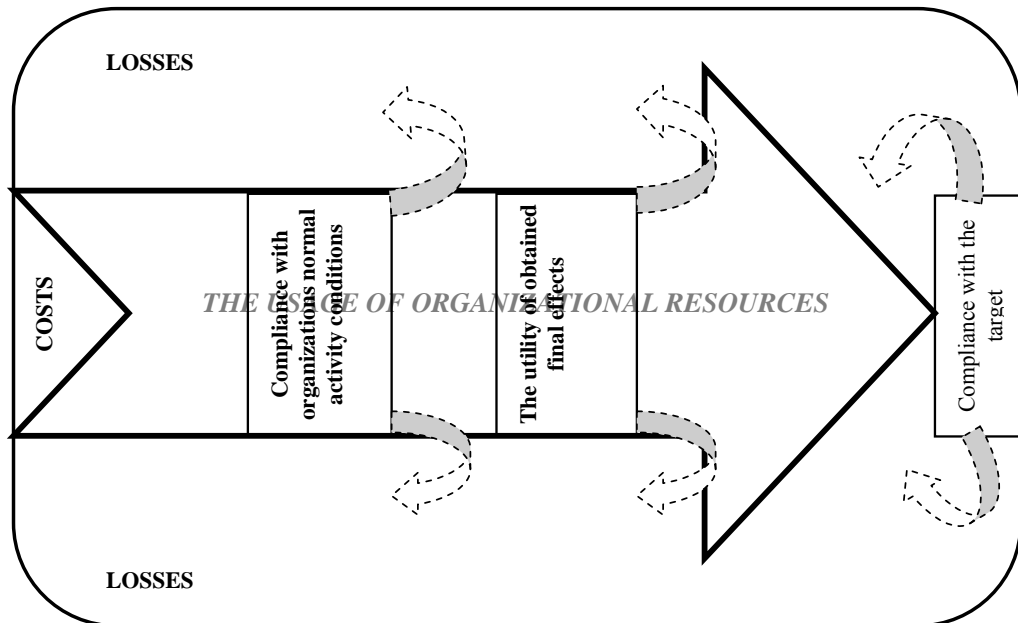


Figure 1. Costs of achieving the objectives of the organization.
The dotted line shows the consequences of non-compliance with the organizations own costs demands.

Purposefulness – an attribute of own costs – is a phenomenon inextricably linked to an organized action and thus refers to a dynamic reality. Therefore, in the context of the limited resources consumption, it serves to justify acts, changes, actions, etc., which are the results of human activities, thus emphasizing the social nature of the organization.

The objective initiates the desire and inducts reasoning reflected in real activities. Note, however, that the goal can be seen as an indicator of aim to which the action is objectively heading toward, regardless of the intentions of actions. Hence, in praxeology [17], the concept of target is defined as a conscious or subconscious anticipation of future states of affairs, to which aim the actions taken. In this perspective, local government units own costs are rather the result of an intentional action. Yet, they can also be incurred for unintentional actions that will benefit the organization and are consistent with the nature of its operations.

The essence of organizations (including TSUs) – understood as a “focus on conscious and formulated objectives” [18] – is therefore implemented during the course of the process defined as a sequence of events of the established order, combined together logically in order to secure the achievement of the objectives set [4]. Such an understanding of targets and their significance for the organization’s activities is inextricably linked to the requirement of concreteness, fulfilled through the planning process by defining objectives in the most precise and as measurable as possible way. The definability condition refers to both the action and its purpose, yet the measurability condition is placed ahead of the objective, activity outcome and incurred expenditures [19]. Thus, in order to assess the organization’s effectiveness it is necessary to use both the relation between expenditures and effects, as well as the relation between: [2] the structure of objectives and achieved results, the structure of organization’s effects compared to the values shared by citizens and stakeholders, the structure of action objectives and consumed expenditures and the expenditure structure and realized costs structure.

In any organization – commercial or public – a number of different objectives (strategic, tactical and operational) is carried out parallel. However, both the theory and practice show that strategic goals can be and are described generally and not very clear. This deficiency is solved through cascading [20], by which the targets and measures are transformed from the strategic to operational level [21]. The main task of this process is to increase the knowledge about the implemented strategy at all management levels. It is about ensuring the compatibility of resources consumption at the operational level with the strategic objectives.

In such complex processes the obligation of the accordance of the conducted actions with organization’s normal activities cover all the phases of the economic processes [22]: from the purchase of production factors, through the production process itself (provision of services) to sales and management. In local government units it is, among others, a function of constraints and opportunities identified in the legislation in force (due to legality principle) and the ability to absorb the organizational and technical solutions improving public services provision procedures. The specificity of the TSU results from the fact that poor quality arises from poor organizational culture [23] – lack of leadership, caring, kindness, appropriate training or low knowledge of binding laws, etc. Providing high-quality activities is difficult in these organizations, due to the problems in defining the quality characteristics of their actions (services) effects.

One of the results of local government efficiency is service quality, which along with efficiency and the range of services offered, their costs and the ability to acquire the essential resources (tangible, financial, human, informational) is the result of specific – distinctive for the organization – ability to provide services. This individualized “normal activity” is thus the category shaping the effects of its own, commissioned and entrusted tasks. Therefore services quality, the relation between citizens fiscal burdens, the actions held by the local government and the range of services are diverse and delivered at different levels in various units, hence limiting righteousness (most often treated as equality or lack of it [24]) in the area of access to education, benefit from public goods, realization of fundamental civil rights, abilities, aspirations, etc.

As noted by J. Wilkin, the largest range of compatibility both within societies and among theorists refers to the need of the equal opportunities implementation [24], which indicates that maintaining the minimum standards of public services is postulated in all TSUs. Therefore, management process in these organizations (in its practical expression) is to be a conscious and deliberate people behavior striving to changes of constantly transforming reality [25]. The task of science is, on the other hand, to creatively support this practice by providing norms, models and standards that can be reference points for practice [26].

The introduction of clearly defined, explicit standards [27] (and effectiveness measures) is also postulated in the New Public Management, which assumptions are to increase clarity and rationality of the objectives. It is achieved by setting specified results, which is one of the essential conditions for the proper evaluation of the local government effectiveness [28]. New Public Management aims at improving the rationality in public funds allocation and promoting public administration that is designed to achieve results, which are measureable and easy to assess.

The service standards are already being applied in some areas of TSUs activities, comprising externally defined parameters (e.g. clean water for municipal purposes, road maintenance, the scope of social assistance) or formulated by local government (if there is no external standardization in force). The specification of service standards is of great mobilizing importance, but very often causes restriction of the public services range offered by the local government. Thus, the existence of standards results frequently in an autonomy reduction. Yet, particular units still have a certain freedom to establish the size of expenditures according to its community needs assessment.

Public services standards should, on the other hand, constitute a basis for determining the amount of budgets supply in these units for ongoing commissioned and entrusted tasks. Their valuation – e.g. according to the costs accounting – is a prerequisite for establishing the required amount of expenditures, which will both ensure the adequacy of applied resources and receiving possible financial compensation [8]. In this approach, the service standards are at the same time one of the most essential factors to rationalize local government activities and a guarantee of public managers accountability. The lack of knowledge about what certain actions may bring does not allow specifying the duties and responsibilities of both local government executive bodies as well as managers at lower levels of the organizational structure.

Conclusions

The conducted research indicates that in the absence of public services standardization, the attempts to rationalize local government activities are condemned to failure. Their application is a condition *sine qua non* for the assessment of the compatibility between TSU's expenditures and their objectives, best practices of services delivery or compliance of the activities with the needs of their communities. Any discrepancy in this area should be classified as a loss in the activity and be an information about lack or low action efficiency level.

The clear description of the results of action is also a prerequisite to ensure the plans feasibility, legibility, intelligibility and accuracy of their objectives. Thus the actions identified actions in organization's plans – including TSU – are feasible in a thrift way (frugal, efficient and rational), while still allowing for the creation of good practices in the applied procedures area.

One of the key effects of the standards implementation is also the ability to assign responsibility and accountability of those responsible, including in particular government representatives, responsible for the tasks financed from the state budget. The mere fact of regulating the activities held by local government with the amount of resources granted for the execution of particular tasks does not allow settling those, who are the authors of political commitments and offers made for the purpose of election campaigns.

Services standardization should also be applied to commissioned or entrusted tasks carried out on behalf of the state administration or other local government units. Their proper presentation and quantification is the

condition for understanding the intentions, providing the benefits from transferring the process of services provision to its direct executors. The lack of such an understanding is one of the major reasons for limiting the benefits achieved and expected as a result of the decentralization of public services provision process. This applies in particular to these areas of public administration, which are not reflected in the local and regional community's needs.

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