

Measurement of Task Efficiency by the Local Government – Evidence From the City of Kraków

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Marzena Piszczek*

The efficiency of public administration in Poland applies also to all aspects and issues in the area of self-governments, i.e. municipalities, poviats and self-governing voivodships. Local authorities are not only responsible for providing more than 70% of all public services but are also the closest to citizens and automatically become the subject of evaluation by different groups of stakeholders. This article aims to indicate the aspects related to the measurement of efficiency of public tasks at the local government level. The study will explore the procedures and performance indicators applied by the city of Kraków in performing its tasks.

Keywords: local government, efficiency of public spending, performance indicators.

Pomiar efektywności zadań przez samorząd na przykładzie miasta Kraków

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Problematyka dotycząca efektywności działania administracji publicznej w Polsce odnosi się również do wszystkich aspektów i zagadnień występujących w obszarze samorządów lokalnych, tj. gmin, powiatów oraz samorządnych województw. Samorzady nie tylko odpowiadają za dostarczanie ponad 70% wszystkich usług publicznych, ale będąc najbliżej obywatela, stają się automatycznie podmiotem i przedmiotem oceny różnych grup interesariuszy. Celem niniejszego artykułu jest wskazanie na aspekty związane z pomiarem efektywności zadań publicznych na szczeblu samorządowym. Przedmiotem badania są procedury i stosowane przez miasto Kraków wskaźniki efektywności w zadaniach.

Słowa kluczowe: samorząd, efektywność wydatków publicznych, wskaźniki efektywności zadań.

JEL: H41, H49, H83

* **Marzena Piszczek** – PhD, Department of Self-Government Finance, Faculty of Finance and Law, Cracow University of Economics. <https://orcid.org/0000-0002-7571-7300>.

Correspondence address: Cracow University of Economics, 27 Rakowicka Street, 31-510 Cracow; e-mail: piszmar@uek.krakow.pl.



1. Introduction

The efficiency of public administration, especially local government, goes beyond the classical sphere of public order and regulation, focusing on satisfying collective social needs and managing development. The introduction in Poland of new legal and organizational solutions in different areas results in a more efficient public administration. It is difficult to define and quantify “efficiency” itself; moreover, many factors influence the performance of public administration.

The concept of “efficiency” can be considered from the point of view of praxeology, according to which the term describes a positive feature attributed to activities that give a positive result regardless of whether the result was or was not intended. The term “performance” can be considered in two categories, i.e. in the category of efficiency and in the category of effectiveness. It can therefore be said that good performance of the public administration means an efficient and effective operation, which should result in simplified procedures and a noticeably higher level of quality of public services. From the citizen’s point of view, efficient public administration is an administration that meets the assumptions of the so-called “good” administration. The efficiency of public administration in Poland applies to all problems and issues in the area of local self-governments. Municipalities, poviats and self-governing voivodships have become an inseparable part of a democratic state of law. Not only are they responsible today for providing more than 70% of all public services at the local level but, being the closest to the citizen, they are automatically subject to and object of evaluation by groups of stakeholders.

This article aims at indicating the aspects related to the measurement of efficiency of public tasks at the local government level. The main research hypothesis is that since efficiency measurement goes beyond the classical sphere of public order and regulation, it requires the use of appropriate tools and procedures that will allow collecting data needed to assess the efficiency of local self-government.

The applied research methods include observation and examination of documents. The study will explore the procedures and performance indicators applied by the city of Kraków in the area of efficiency measurement.

2. Efficiency of Public Spending

The concepts of *efficiency* and *effectiveness* are interpreted differently by economic sciences and management sciences. In economic sciences, it is assumed that efficiency is the ratio of effects (outputs) to inputs, and effectiveness is the extent or degree to which the assumed goals are achieved. Therefore, economic efficiency is an outcome of an entity’s activity or

a specific undertaking resulting from the relation of the produced effects to the provided inputs. With a given input of resources, a maximum degree of goal attainment (the principle of the highest effect/highest efficiency) can be ensured, or at a given degree of goal attainment, a minimum input of resources can be used (the principle of least effort/saving of funds). Efficiency can be estimated *ex ante* and *ex post*. The *ex-ante* efficiency is based on identifying and estimating the anticipated effects and inputs, while the *ex-post* efficiency concerns analysing the outcomes of specific actions, and thus the actual effects, and inputs.

In management sciences, efficiency means an entity's ability to adapt to changes in the environment on an on-going basis and in a strategic manner, as well as to productively and economically use its resources to implement the adopted structure of goals.

Instead of the term *efficiency*, the theory of organization and management uses the term *skilfulness*, which has two forms: effectiveness and benefit (economy). The effectiveness of an activity means that its outcome is in line with the intended goal, and benefit expresses the relationship between the achieved goal (outcome) and the input provided to achieve it (Jastrzębska, 2016, p. 44).

Efficiency assessment in the public sector is not an easy task. It is also impossible to apply easily the methods of efficiency assessment used in the private sector. Most often, public needs are much greater than the capacity to fulfil and finance them. In consequence, an issue arises related to the optimal – from the point of view of social expectations – selection of specific services/projects from among several possible ones that are technically feasible but pursue differing public goals.

In the public finance sector, it is not always possible to precisely determine inputs and effects because the objectives are often qualitative and difficult to quantify, and the effects of some public expenditure are delayed. In addition, the valuation of effects related to public expenditure is not based on market prices, and even if the use of public goods is payable, these fees do not reflect the cost of producing a given public good or public service (Guziejewska, 2009, pp. 71–86). Meanwhile, efficiency measurement and accountability in the public sector are very important from the point of view of providing reliable information to its recipients and improving the accountability of public services, which may lead to a redefinition of objectives (cf. Ziolo, 2013, p. 22).

The administrative manner of collecting and allocating public funds may pose a problem of rational use of these funds, but it depends to a large extent on operating systems in which the services are provided, and these systems may be subject to modifications that aim to improve the efficiency of the organization or the system as a whole.

3. Measuring Efficiency in Local Services

Considerations on efficiency measurement by local governments should begin with a presentation of specific conditions in which local governments operate. These conditions can be divided into the ones depending and non-depending on local government units (LGU), and comprise, in particular:

- natural conditions, which include, for example, LGU size and location;
- legal conditions that affect the legal nature of LGU, tasks it performs, its financial autonomy or regulations defining the limits of local government debt;
- economic conditions, such as the state of economic development of the country and LGU itself, the nature of the local market, i.e. investment attractiveness of LGU;
- financial conditions, with the most important aspects being sources of revenue and the ability of LGU to incur liabilities;
- political conditions, including first and foremost relations between the decision-making body and the executive body of LGU;
- social conditions, with the degree of development of interpersonal bonds within the self-government community, development of local democracy, etc.;
- organizational conditions related mainly to the management of LGU, the organizational structure of LGU, the number of units managed by LGU, etc.; and,
- personnel conditions, which are related to the policy applied by LGU to manage human resources and competences (cf. Jastrzębska, 2016, p. 6).

All the above-mentioned special operating conditions of local governments mean that, in the local government sub-sector, it may be difficult to choose an optimal and rational way of implementing tasks. However, it is not impossible. It may be weakened due to a different approach to motivation mechanisms that the local government uses in employer-employee relations, or to the lack of competition in providing specific services on the local market or between the units managed by LGU. However, with the increase of awareness among local governments regarding the possibility of applying advanced methods of measuring the efficiency of public services, which appeared with the New Public Management (NPM) and Public Governance (PG) concepts, it is worth emphasizing that many local governments have begun work on improving the systems of measurement of the quality and efficiency of public services. As regards the implementation of NPM and PG mechanisms and methods of action, recent decades have witnessed a paradigmatic change in the approach to commune services in the local government economy of many countries. The concept of New Public Management, based on the idea of managerialism in the public sector, has also been popularized in Poland. There have been many publications

on this subject (cf. Poniatowicz & Dziemianowicz, 2016; Hausner, 2010; Zalewski, 2007; Lubińska, 2009; Krynicka, 2006).

In the past, providing services was mainly associated with the monopolistic position of a sole administrator and producer of services that the municipality held, which favoured operating in terms of process administration, not in terms of outcome and output. The logic of administering the process in such conditions foredoomed the local self-government authorities to prefer thinking in terms of the sender, and not the recipient, of the service; therefore, it was difficult or even impossible in such a situation to determine the result of actions taken and their effect on the recipient. The change of the paradigm of thinking from the sender to the recipient consequently requires LGU to prepare methods and tools that would enable the development of product characteristics of a given service. Undoubtedly, this process is associated with self-governments learning the process of “production of services”, wherein it is crucial to identify a specific value for the recipient. Hence, what is the most important is the characteristics and evaluation of the output produced. This is connected with another extremely important issue, i.e. measurability of the service. Many authors have discussed the difficulties related to the measurement of services in the public sector. However, a principle should be accepted that where it is possible to describe the sequencing of activities and the production process as well as assign inputs to specific activities and assign the service to specific recipients, the product approach to the service should apply. This is the case with many municipal and administrative services. However, there is no doubt that a slightly different approach must be applied, for example, to social services, in which the result of provided inputs is not subject to easily measurable verification (cf. Barczyk et al., 2013).

LGU’s efficiency in providing services depends to a large extent on the existing LGU management system and on the policy towards public services. As mentioned earlier, this system is either oriented mainly towards fulfilling public tasks assigned to LGUs by law or towards the entrepreneurial logic, which compels LGUs to act efficiently, i.e. in a manner in which the analysis of costs of providing services in relation to their quality and the assessment of these services by recipients/beneficiaries play a significant role,

The adopted management methods and tools are not without significance for the management policy of the city or region. In this aspect, the most preferred is management by enforcing results, i.e. *performance management*, the features of which are inherent in performance budgeting implemented in Poland by many LGUs (Marti, 2013; Korolewska & Marchewka-Bartkowiak, 2013; Słodowa-Hełpa, 2013; Filipak, 2011; Postuła & Perczyński, 2010; Lubińska (Ed.), 2009; Rivenbark & Kelly, 2006; Filas, Levitas, & Piszczek, 2002).

Performance management as a method of management in the public sector combines the logic of public management with the logic of public

policy accompanied by the application of methods of measuring effects of actions (cf. Kwon, 2018; Bleyen, Klimovský, Bouckaert, & Reichard, 2017; Mauro, Cinquini, & Grossi, 2017). In practice, this means a triangular dialogue: public authority – public service operators – recipients/beneficiaries of services, with various substantive, economic, social and technological criteria. Efficient provision of services becomes a challenge not only for public, but also local, authorities. This challenge stems, on the one hand, from the fact that the very process of providing services is becoming more and more saturated with modern and advanced technologies and, on the other hand, the beneficiaries themselves expect ever higher quality standards. This makes the increase in the cost of providing services virtually unavoidable, which poses a challenge to local governments of how to approach service management. Local governments can take advantage of various activities in this regard. Examples of actions worth considering include the following:

- limiting the scope of public services, also by means of their privatization or commercialization;
- transferring part of costs incurred so far to users of public services;
- reorganization of systems for the provision of services, including also to the residents;
- launching cost-cutting measures and combating the waste of public funds.

A characteristic feature of the public service delivery process is that it takes place in a multi-entity environment, and this means that the efficiency of public services should be assessed from different perspectives because it means something else for each participant in this process. The perspectives of four entities seem to be significant, namely the perspective of public authority, public service operator, service user and civic perspective. Each of these perspectives is characterized by a different approach to efficiency. The perspective of a public authority, which is accountable to the citizens for organizing, financing and ensuring effectiveness of the service delivery system, focuses primarily on creating a legal and political framework for this process, securing funds and distributing them appropriately.

In turn, the perspective of a public service operator, as a specialized institution or often a public utility company, focuses on the enterprise's economics, on the knowledge and skills that an organization must have along with appropriate equipment and organizational experience in a given field of services. Also, such an organization has its own model of organizational efficiency. Often, especially in public services, we deal with a natural monopoly; in such a case, the cost-benefit ratio and quality become even more important.

The third extremely important area of search for efficiency is the perspective of a public service user – a recipient, beneficiary, or customer who, on the one hand, is always interested in the quality of services provided but, on the other hand, is reluctant to incur additional/increased expenditure for the services.

There is one more perspective – that of citizens, that is the perspective of a civil community (society) which, especially in conditions that the authority creates for the involvement of the society in decision-making, participates in allocation decisions and thus influences the decisions of the authorities regarding many public services. The citizens themselves and local communities today form different groups that influence on the action of local authorities, and thus have an impact on the final shape of the service provision policy. The same citizens are, of course, part of the set of users of public services, so the final evaluation of the service and its efficiency is very important to them (cf. Barczyk et al., 2013).

There is another aspect worth pointing out, namely that the public service is usually expressed as a public task assigned to a given level of public authority. For example, a municipal authority is obliged to guarantee the delivery of services, i.e. to organize a system for the provision of services to a specific set of recipients, i.e. service users. However, it is also the responsibility of public authorities to monitor this process and, most importantly, to pursue a policy of developing these services. This results not only from the regulations that impose on the authorities the responsibility for providing services, but from the declarations of the government that, wanting to win the votes of citizens, sketch development policies to gain public support.

The above-mentioned four entity segments that see efficiency from specific perspectives also participate in the process of city management and the formulation of the development policy.

From the point of view of efficiency assessment of provision of services or performance of tasks by LGUs, it is worth mentioning that the described layout of entities providing these services is inconsistent. Its individual segments express different values, expectations and interests. This means, on the one hand, the need to include the previously discussed four perspectives in the assessment of efficiency and, on the other hand, to adopt a methodological assumption that the dialogue and reconciliation of views take place within the process of managing (jointly managing) the city and the process of designing a local development policy during which a higher efficiency of public services could be achieved.

The above-mentioned stakeholder-based approach to efficiency analysis must be complemented with a subject-based approach, which consists of:

- product approach: what service products are offered, how their quality is assessed, what final effects they bring, what inputs have been provided for their production, who has provided those inputs, etc.;
- process approach: how efficient the process of providing public services is,
- political and managerial approach: how city management and local policy improve the service delivery process and determine the efficiency of providing public services, and whether and how knowledge about efficiency is acquired.

The combination of the four stakeholder-based perspectives and the subject-based layout of the efficiency assessment of urban public services allows a comprehensive approach to the efficiency study.

The very procedure for analysing the efficiency of public services or tasks performed by the local government requires determination on the part of managers. In practice, managers not only propose a methodology for measuring the efficiency of urban services and implement it but also subsequently apply the results of these studies in decision-making and managing the city or another LGU as well as in defining the LGU development policy.

4. Experience of the City of Kraków in Efficiency Measurement

It is worth noting that today's local government practice indicates that the degree of accomplishment of objectives and performance of tasks by LGUs is predominantly assessed by means of a percentage rate of implementation of LGU budget, i.e. planned revenues and expenditures in accordance with budget classification. This is due to the fact that the budget type based on budget classification (line-item-budget) is mandatory for all LGUs. However, this is not the most desirable measure because, as Kaplan and Norton (2001, pp. 166–167) rightly point out, public organizations must limit their expenses to the amount provided for in the budget. "However, their success cannot be measured by the degree of budget implementation or the size of the organization." As they emphasize further, "The financial aspect determines the operation of the organization and plays the role of limitation, however it is not the primary goal." Of course, many local governments, as a result of popularization of the above-mentioned NPM and PG, implemented in their structures a performance budget, participatory budget or the Total Quality Management (TQM) approach, and in response they collected information about the services provided in the cross-section they needed for management. Therefore, different ways of assessing the degree of achievement of the objectives specified in the LGU development strategy were applied. Undoubtedly, however, a uniform system for setting goals and monitoring the level of their attainment is lacking. In addition, the measures of achievement of objectives are not adequate to the individual stages of attainment of goals, and there is no successive analysis of the degree of their achievement. Similarly, process management has encountered resistance, not only because of the lack of understanding of these processes but also LGU employees lack competences (cf. Krukowski, 2011, p. 23). An additional problem that arises in the course of efficiency assessment is the lack of precise distribution of inputs and effects over time, which is a basic condition for measuring efficiency. Meanwhile, we can talk about efficiency when it is possible to precisely determine inputs and effects. The analysis of the effects must include not only the direct

effect of expenditures made by LGU, but it must also assess the extent of the impact on the environment and the external benefits of expenditure (cf. Poniatowicz, Salachna, & Perło, 2011; Filipiak, 2011).

As pointed out by M. Postuła, finding a solution to the problem of the quality of public service provision and improvement of efficiency of public institutions, including reduction of costs, would not be possible if the traditional form of budgeting were maintained. The reason for this is the very construction of budget classification, which does not allow obtaining information about the total cost of a task or service because such data are recorded under various budget classification items. It is also difficult to answer the question whether, and to what extent, the objectives will be achieved by joint actions and resources of various administrators, as well as what specific results the society can expect (Postuła, 2012, p. 24). These considerations, although advanced in relation to the state budget, are also relevant to LGU budgets because the same budgetary classification applies in local governments. All the mentioned management deficiencies related to the lack of the possibility to calculate the effectiveness and efficiency of the local government were diagnosed at the beginning of the 1990s. The first city in Poland that decided to implement reforms in this area and complement the financial management system by introducing a different budget structure than the line-item-budget system was Kraków. It was the city of Kraków that developed the concept of performance budget, and this methodology was disseminated, among others, by the Municipal Development Agency – the State Treasury Foundation (ARK), established in 1995. ARK was also involved in the development and dissemination of other techniques, including tools for long-term investment planning, long-term financial planning, restructuring of municipal services. Many local governments cooperated with ARK at that time, and the main means to support the implementation of reforms came from USAID and Cooperation Fund assistance programs. In Poland, apart from Kraków, other cities also implemented a performance budget. The first ones include big cities such as Łódź and Gdynia, medium-sized towns like Ostrów Wielkopolski, or small municipalities like Lipnica Wielka or Rejowiec Fabryczny. In the years 1996–1999, over 300 local governments in Poland were trained. Experience gained by Kraków, also in the field of methodology development, cannot be overestimated. Until today, the city has used a task base in making many decisions. Therefore, it is difficult to agree with opinions expressed in some publications that these implementations were experimental by nature. Many cities continue to benefit from the assumptions of the then successful reforms.

The key assumptions for the methodology are: adopting a definition of a performance budget, the methodology of constructing tasks, including defining tasks, setting task goals and defining task efficiency indicators/

measures. The methodological assumptions adopted in those years are still a valid canon in the city and the basis for the construction of Kraków's performance budget.

The performance budget has been defined as LGU's financial plan prepared in such a way that before anticipated expenses are included in accordance with the applicable budget classification, the administration prepares detailed material and financial plans in the form of budget tasks for budget holders to implement.

A budget task is an elementary unit in the budget structure, internally coherent and representing fairly homogeneous activities. Each task has a name, a designated goal, a material scope along with measures. Total costs are calculated for these tasks, and persons responsible for their performance are appointed (cf. Filas, Piszczek, & Stobnicka, 1999).

When it comes to defining goals, it is assumed that the goal should be defined according to the so-called SMART concept (Specific, Measurable, Achievable, Realistic, Time-bound or Time-sensitive), with successive components signifying:

- Specific – the goal should be defined clearly, precisely and unambiguously. It should be legible for stakeholders and contractors;
- Measurable – the goal should be so defined that an appropriate method of measuring the (quantitative and qualitative) degree of its attainment can be used;
- Achievable – feasible, agreed on by all units responsible for its implementation;
- Realistic – that is possible to achieve;
- Time-bound – having a defined start and end date in time (cf. Postuła, 2012; Kuś, 2012).

From the point of view of our considerations, i.e. task efficiency measurement, one of the most important things is the methodology of constructing performance measures (indicators).

The measure serving to assess the implementation of programs or tasks (but also subtasks or actions) should enable obtaining answers to the following questions:

- 1) a question about significance – to what extent the accepted program objectives, tasks, subtasks or actions are important in relation to the growing needs and adopted priorities;
- 2) a question about efficiency – how the resources have been involved to accomplish tasks or achieve results;
- 3) a question about effectiveness – to what extent the adopted program (consisting of tasks, subtasks or actions) will serve to achieve specific and strategic goals;
- 4) a question about usability – whether the adopted program or task will affect the target group in terms of satisfying the reported needs;

5) a question about durability – whether, and to what extent, changes should be expected as a result of completion of the program or task (Filipiak, 2011, p. 230).

The system of measures should include the measures of efficiency and effectiveness. The first group of measures serves the purpose of assessing the relationship between inputs and effects, while the effectiveness measures refer to the achievement of intended goals.

Measures can also be divided into the measures of impact, outcome and output. The measures of impact allow assessing immediate outcomes, i.e. effects of a given program, task, subtask or action, which appear some time after the delivery of products or as a consequence of provided services and the emergence of outcomes. We then have a narrow approach to measuring the impact. If the impact, which is more or less the result of the implementation of a given program, goes beyond the direct beneficiaries of the program, task, subtask or action, we are talking about a broader approach. A common feature of both types of impact is the date of occurrence of effects, which distinguishes impact from outcome (Filipiak, 2011, p. 231).

The measures of outcome determine the results of the implementation of the program, task, subtask or action, and thus the effect that arises at the end, usually immediately after implementation. They take the form of measures of both efficiency and effectiveness.

The measures of output determine the degree of execution of a program, task, subtask or action. They reflect the specific effect associated with the implementation of the program, task, subtask or action in the short term. They allow measuring efficiency and effectiveness (cf. Lubińska, Lozano Platonoff, & Strąk, 2009).

In accordance with methodological assumptions, in the performance budget, measures should meet the criteria of adequacy and feasibility, which means that they should be strictly correlated with the objective to enable accuracy and precision in testing the degree of achievement of intended results of their value. They should also reflect the assumed goals and facilitate making management decisions. They should be accepted by all units that perform a given task, simple in construction, quantifiable, easy to acquire and as cheap as possible, so that the cost of obtaining them is comparable to the weight of information received thanks to them.

In addition, well-defined measures should be characterized by the following properties:

- they must reflect the essential needs of the community, inhabitants should know whether the measured values change in the desired direction;
- their value may change as a result of activities of the administration subordinate to the local government (cf. Pakoński, 2000, p. 117).

As mentioned earlier, Kraków was the first city in Poland which decided to implement a budget reform covering all stages – beginning with planning, through budget implementing to budget reporting, with the application of

performance budgeting methodology. In principle, this process has continued since 1994, and the performance budget is an element of strategic city management aimed at achieving long-term, recorded and measured goals. Each year, all the departments of the City Hall of Kraków develop not only a performance budget for the next year but also update the multi-annual investment plan and create measure & indicator cards for tasks. The performance budget is not a substitute but a supplementary format for presenting the budget in relation to the budget classification. It is connected with the process of constant monitoring of tasks, including the attainment of objectives and the effects produced in relation to the provided inputs. One of the very important aspects of task management is – apart from the measurement of task effectiveness and task efficiency – monitoring employees' working time, detailing the time allocated to particular tasks. This allows for precise allocation of individual employees' working time in the case of all the tasks performed directly by their department or in which they are indirectly involved, which corresponds to process management (e.g. issuing an opinion on the compliance of the application with the city's internal policies and procedures, and the decision itself can be at the discretion of a relevant substantive department).

Each task should contain some elements that characterize it and which are also inseparably connected with the performance budget methodology. These include:

1. Correctly formulated purpose of the task.
2. Substantive and financial plan of the task consistent with the purpose of the task.
3. Measure & indicator card consistent with the purpose of the task.
4. Reference to strategic goals, city vision and sectoral policies.
5. Data defining the state of the field in which the task is planned and a summary of the degree of fulfilment of the needs compared to the material scope of the task.

As for the measure & indicator card, it includes definitions of measures and indicators for tasks, but also processes and programs, and a risk register for the task outputs.

The city attaches great importance to monitoring tasks. Reports on the monitoring of ongoing tasks are prepared on a quarterly basis and contain information on the degree of task performance. It is also worth adding that for the purpose of selection of measures and their correct definition, the city has developed their characteristics, with a breakdown into types of measure:

- effectiveness indicators – measure the capability/quality of achieving a goal,
- process indicators – indicated in the horizontal processes ISO 9000:2008,
- formal indicators, indicators of correctness and compliance with formal requirements – they measure outputs that have, or have not, met certain requirements,
- customer indicators – measure the percentage of outputs that have met the standard recognized as important for the customer,

Unit/task name/indicator	Planned unit cost indicator as at Jan. 01, 2017	Actual unit cost indicator as at Dec 31, 2017	Planned unit cost indicator as at Jan. 01, 2018	Actual unit cost indicator as at Dec. 31, 2018
DEPARTMENT OF GEODESY				
Regulation of the legal status of real estate - cost of preparing one geodetic and legal documentation dossier for a real estate	PLN 2,200.00	PLN 2,690.74	PLN 2,509.00	PLN 3,879.29
Tasks related to geodetic and cartographic resources – cost of one control measurement and other surveying studies	PLN 2,000.00	PLN 1,425.00	PLN 2,000.00	PLN 2,821.20
PUBLIC UTILITY AND TRANSPORTATION INFRASTRUCTURE OFFICE IN KRAKÓW (DEPARTMENT OF TRANSPORTATION IN KRAKÓW)				
Surface repairs – surface-pavement works	PLN 110.00/m ²	PLN 115.00/m ²	PLN 110.00/m ²	PLN 135.45/m ²
Planned cost of train-kilometre	PLN 15.35/train-kilometre	PLN 15.13/train-kilometre	PLN 15.89/train-kilometre	PLN 15.60/train-kilometre
Maintenance and renovation of public toilets – average monthly cost of maintaining one public toilet	PLN 3,900.00	PLN 5,500.00	PLN 6,066.00	PLN 6,350.00
Cost of cleaning one meter of drainage ditch	PLN 650.00/m	PLN 650.00/m	PLN 650.00/m	PLN 650.00/m
Cost of maintaining a fountain, drinking fountain, sprinkler, shower tray – average monthly cost of maintaining one fountain	PLN 3,336.00	PLN 3,336.00	PLN 3,500.00	PLN 3,500.00
Street lights	PLN 0.48/kWh	PLN 0.47/kWh	PLN 0.48/kWh	PLN 0.47/kWh
VEHICLES AND DRIVERS REGISTER				
Cost of buying one driving license	PLN 56.82	PLN 56.09	PLN 57.38	PLN 56.09
Cost of buying one set of license plates	PLN 11.05	PLN 14.27	PLN 15.50	PLN 15.50
Cost of purchasing one registration certificate	PLN 31.49	PLN 31.09	PLN 31.81	PLN 31.09
Cost of buying one vehicle card	21.40	21.13	21.62	21.13
Average cost of servicing one examined person	139.98	139.98	139.98	139.98

Tab. 1. List of selected indicators for tasks included in the budget of the city of Kraków for 2017 and 2018. Source: Own study based on the report on the implementation of the city's budget for 2017 and 2018.

- strategic indicators – result from the city’s strategic goals and priorities,
- satisfaction indicators – measure direct customer satisfaction, which is usually expressed in a survey,
- operational risk indicators – for which the current value indicates the probability of their materialization in the future,
- cost efficiency/labour intensity indicator – task costs.

The effects are assessed by determining the measures and evaluating their current level.

The selected output indicators for selected areas are presented in the Table 1.

We can draw several conclusions based on the data contained in the table as well as in the reports on the implementation of the budget for 2017 and 2018. Publishing selected performance indicators (cf. for three selected areas, Table 1), the city focuses predominantly on the standard unit cost indicator, which reflects economic efficiency. As shown above, during the planning procedure and later, when the city monitors the performance of tasks, it gathers information about a large number of indicators and, on this basis, assesses not only the degree of performance of tasks but it also evaluates the units. It is a pity that having such exhaustive documentation, the city does nothing but publish selected information pertaining to only one, though very important, area – cost-efficiency. More interesting to the reader/recipient would be a comprehensive presentation including, for instance, a full list of and all the indicators for tasks. The second conclusion concerns the accuracy of planning indicators, and thus the accuracy of budget planning. There are some areas that show poor planning accuracy. This applies, for example, to both indicators published by the city for the Department of Geodesy. As for the first indicator – cost of preparing one geodetic and legal documentation dossier for a real estate – the actual cost indicator for 2017 is by 20% higher than the planned one, and it is higher by as much as 50% for 2018. In the case of the second indicator – cost of one control measurement and other surveying studies – the actual cost indicator fell by 29% against the planned one, and in 2018 it increased by as much as 50%. The situation is similar for the indicator – average monthly cost of maintaining one public toilet; in this case the actual cost indicator exceeded the planned one by 41% in 2017.

Regardless of the above-mentioned weaknesses, the study of the task efficiency measurement system used by the city confirms a high level of professionalism in management and consistent use and development of performance budgeting for the needs of managerial staff.

5. Conclusions

Analysing efficiency in the public sector is not an easy task. In most cases, public needs are very diverse and much greater than the capacity to meet them. Special conditions for the functioning of self-government units

make it difficult for the self-government sub-sector to choose the optimal, and sometimes rational, way to perform its tasks. But it is not impossible. It may be weakened by a different approach to incentive mechanisms used by the local government in employee-employer relations, or by the lack of competition in the provision of specific services on the local market or among units managed by the self-government.

The analysis of available literature confirms the lack of a uniform system for setting objectives and monitoring the level of their implementation by local governments, which makes it impossible to determine the effectiveness of local governments. Additionally, we can observe a rather poorly propagated process management approach in local governments, not only due to the lack of good recognition and understanding of processes but also due to low competences of self-government employees in this area. Also, the lack of a precise distribution of inputs and effects over time, which is a basic and necessary condition for measuring efficiency, does not help in this process. At the local government level as well as at the state budget level, in order to measure efficiency, it is necessary to obtain information on the total cost of a task or service, and this is not possible with the use of current budget classification code. Such possibilities are provided by the performance budget layout, which has been introduced with success by some local governments.

An example of such a government is the city of Kraków, which – as the first city in Poland – introduced the performance budget in the early 90s and has been consistently benefitting from all its advantages in the management process. The city has also developed internal procedures related to the measurement of the quality and efficiency of public services. The challenge for today is to encourage local governments to apply methods of improving the management of LGUs and to disseminate good budgetary practices, which may contribute to the improvement of efficiency and better use of public sources.

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