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## **Analysis of the Effectiveness of Public Services Provision by Local Governments in the Years 2007–2013**

**JEL Classification:** *H4*

**Keywords:** *public services; analysis of effectiveness; local governments*

**Abstract:** *The aim of this article is a multi-faceted analysis of efficiency of public services provision on the example of Polish local governments and on the basis of local governments ranking published by daily newspaper “Rzeczpospolita”. The ranking list shows the local governments which care the most about development and quality of life. The established research period 2007–2013 will allow to answer the questions: did the leaders of ranking change and did the financial crisis in 2008–2009 have a significant impact on quality of life, and therefore on the efficiency of public services provision in the researched local governments?*

*In the first part of this article the author considers the difficulties in defining the quality of life and public service efficiency. This chapter also presents research methods on the efficiency of public services provision used in the literature. The next part of the article includes the characteristic of local governments ranking list as a wide dataset, which characterizes efficiency of public services provision. The*

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*third part contains the analysis of the effectiveness of public services provision in the Polish local governments divided into three categories: cities with district rights, urban and rural municipalities, rural municipalities. In the last chapter of the article, a reader can be find the characteristic of the best fifteen cities with district rights in the public services provision and thus in developing the quality of life of residents.*

## **Introduction**

The public sector is an essential part of the state and the economy. The entities which belong to this sector implement basic functions of the state and provide public goods necessary for society. As a result of the decentralization of the state functions, the local government units (LGUs) have become responsible for public services provision. The effective provision of public services by the public sector, and especially local governments, determines the well-being of society and quality of life in the social, economic and environmental aspects. Controlling of public services provided by local government can be a crucial step to improve their efficiency. Therefore, the choice of measuring methods and methods for assessing the effectiveness of public services provision is one of the most important research problems in the field of economy, administration, finance and management.

The issue of assessing the effectiveness of public services provision is mainly related to its multi-faceted meaning. It also converts into the problem of selection the measurement methods and the problem of results analysis.

For the analysis of the effectiveness of public services provision the quantitative or qualitative parameters can be preferred, and this depends on the way of defining the efficiency.

The aim of this article is a multi-faceted analysis of the effectiveness of public services provision on the example of Polish LGUs, on the basis of local governments ranking published by daily newspaper “Rzeczpospolita” The *Ranking list* may be treated as a quantitative method for assessment of the public service effectiveness (synthetic index). It presents local governments which in the best way take care of the development and quality of life of their inhabitants. The adopted research period 2007–2013 will allow to answer the questions: did (and how) the leaders of the ranking change and did the financial crisis of 2008–2009 have a significant impact on the efficiency of the public service provision in the researched local governments, and thus the quality of life of their inhabitants?

## **Quality of Life and Effectiveness of Public Service Provision – Issues of Definition and Measurement Methods**

The quality of life is the research subject of many sciences: medicine, psychology, sociology, philosophy and economics. In the literature, there are many definitions of life quality. They can be divided into three groups (Beckla & Czaja, 2003, pp. 133-144). The first definition group comes from the welfare theory and considers the life quality in a material aspect, in which a steady increase in national income and its effective, in the Pareto sense, income distribution in economy are the fundamental factors determining the quality of life (Stiglitz, 2012, pp. 69-74). Life quality, which is understood in this way, can be measured by objective measures such as: inhabitants income, the state of municipal infrastructure and housing conditions (see Tendera-Właszczuk *et al.*, 2015, pp. 137-140). The second group of this term only focuses on the non-material aspect of life quality (see Tavernier *et al.*, 2015, pp. 25-33). It comes from religious, environmental and social conception (Sompolska-Rzechuła, 2013, pp. 135). Life quality understood in such a way can be analyzed by using the methods and tools in the field of sociology and psychology. In turn, the last group of definition considers life quality as a multi-faceted concept, taking into consideration both material and non-material aspects (see Pissourios, 2013, pp. 420-427).

There are many definitions of the analyzed phenomenon in this multi-faceted aspect, therefore, for the purposes of the article only these definitions that implicate the LGUs role in developing the life quality will be presented. For example, according to Otok (1981, pp. 84-93), the life quality is correlated with the welfare and with the satisfaction level from the needs and desires of the community, and in particular with number of public goods and their distribution, such as: health, education, utilities, protection against crime, protection of the environment and monuments. In turn, Luszniwicz (1972, p.13) suggests that life quality is the level of fulfilling the material and cultural needs by the flow of payable goods and services through the fund of collective consumption. In contrast, Wallis says that life quality can be understood as a set of spatial and environmental, productive and cultural factors that create the reality in which a human lives (Otok, 1981, p. 79). In summary, the effectiveness of public services provision, mainly provided by the local government, can determine the condition of socio-economic development and consequently the life quality. These services include: technical services related to the municipal infrastructure that create the living conditions of the population and have an impact on the entrepreneurship development (see Lizińska *et al.*, 2014, pp. 65-78), and

social services (such as health, culture, education) that determine the quality of human capital.

The effectiveness, just like the life quality, is a multi-faceted and not fully defined concept. In the case of public services provision, it can be identified with the efficiency, productivity, reduction in cost and services availability, as well as service quality (Njoh, 1994, pp. 263-296). The definition of effectiveness comes from different field of science, trends and paradigms. The effectiveness is defined as a relation between the inputs and the effects. In a narrow sense, this relation narrows down to financial categories, and is identified, e.g., with the operations aiming at cost reduction and profit maximization. In the case of LGUs, such an assessment of effectiveness is insufficient, because local governments are not profit-oriented, and their aim is current and uninterrupted collective needs of the population through the universal services provision (Act of 20 December 1996 on the Municipal Services Management – 2011). Therefore, the effectiveness of public service provision is rather related to a fair access to them than to economic efficiency. In addition, the local governments determine the condition of socio-economic development by the public services provision. Therefore, for the public sector it is reasonable to use a wider definition of effectiveness, comparing not only inputs to the financial effects, but also taking into consideration the environmental, social and organizational issues. In conclusion, the effectiveness of the public service provision can be considered in the financial aspect (financial condition of LGUs and municipal entities), and in terms of quality management (welfare development, development of entrepreneurship conditions, availability and quality of public services and residents satisfaction from using public goods) (see Borowiec, 2015, pp. 93-114).

Multifaceted meaning of the effectiveness of public service provision also converts into the problem of selecting the measurement methods and problem of result analysis. For the analysis of the effectiveness of public services provision, quantitative – or qualitative parameters can be preferred (Balcerzak & Pietrzak, 2015b, pp. 71-91). The quantitative parameters are objective measures, using, for e. g., indexes measuring cost-effectiveness. In contrast, qualitative measures are related – e. g. to the subjective inhabitant assessment of the services quality. The indexing methods, parametric and non-parametric, are the most popular methods of assessing effectiveness. The first methods are used to assess the economic situation and do not take into account all aspects of the business activity. This disadvantage can be eliminated by the creation of a synthetic index. The governments rankings appearing in the press can be included in this method. They are often created on the grounds of synthetic indexes as a weighted average of char-

acteristics selected for assessment. The next group of methods – parametric – is based on econometric tools (see Romano *et al.*, 2014, pp. 5491-5505; Balcerzak & Pietrzak, 2015a, pp. 285-302). They only allow to examine the effectiveness in a system of relations of single inputs and effects. This disadvantage can be eliminated by using non-parametric methods (see: Yiwen *et al.*, 2014, pp. 15-23) that take advantage of a linear programming. These methods, in turn, do not provide information about the relationship between inputs and effects and they do not take into account the random factor.

### **Local Governments Ranking List of Daily Newspaper „Rzeczpospolita” as a Data Set about Effectiveness of Public Services Provision**

As already mentioned, the local governments ranking lists can be used to assess the effectiveness of public services provision. They are published by various newspapers and raise increasing interest of the public and the scientific community. The most popular and most reliable lists are an excellent source of information about the situation of LGUs. On the Polish press market, the following local governments ranking lists are valued: *Ranking miast atrakcyjnych dla biznesu* (2014) published by monthly magazine „Forbes”, *Ranking najlepszych samorządów pod względem rozwoju społeczno-ekonomicznego oraz jakości życia* (“Ranking samorządów 2014”, 2014) – *List* – elaborated by daily newspaper “Rzeczpospolita” and the local government rankings of monthly magazine „Wspólnota” (*Najbogatsze samorzady, Wydatki bieżące na administracje, Inwestycje w infrastrukturę techniczną, Wykorzystane środki zagraniczne, Zadłużenie jednostek samorządowych*). The advantages of these rankings are a wide range of parameters assessing the local governments and the fact that they appear periodically.

On the Polish press market, there are also local governments rankings which are published only once. The ranking of the cities with district rights in weekly magazine „Polityka” deserves to a particular attention – *Ranking jakości życia*. (“Indeks Jakości Życia mieszkańców miast”, 2014). This list was created on the basis of the index „Better Life Index” (“How’s life?”, n.d.) created by OECD. This ranking examines the life quality in ten categories, including not only the material aspect of quality of life, but also subjective measures, such as life satisfaction and safety of inhabitants. It is the ranking, which broadly describes the life quality in particular municipalities. However, it can’t be used for empirical researches on the needs of

this article, because it doesn't appear periodically and narrows down the assessment of the local governments only to cities with district rights.

The above-mentioned *Ranking List* of "Rzeczpospolita" deserves particular attention, because – in the author's opinion – it constitutes a fairly broad and unique set of characteristics about local governments in terms of life quality in Poland. It is also the oldest ranking that has been appearing for approx. 16 years. "Rzeczpospolita" publishes the ranking assessing the operation of local governments. The first *List* was published in 1998. It contained an alphabetical list of one hundred local governments with the highest value of investment per capita. In the next year, the *List* took a form of a ranking list. However, such a construction of the *List* had disadvantages, because the *List* included both rural municipalities with a small population and densely populated cities. In addition, one criterion of local government assessment did not consider many aspects that determined the life quality of inhabitants.

Over the years *the List* of the best local governments has been modified, and since 2005, when the method of LGUs' selection to ranking has changed, it remains unchanged. It was decided that separate rankings for three groups will be prepared under the List: the best cities with district rights, urban and rural-urban municipalities, and rural communities<sup>1</sup>.

The selection of local governments to the ranking is realized in two stages, on the basis of different criteria. In each of these stages, municipalities are assessed by an independent jury of the ranking, which includes, inter alia, representatives of local governments union, the Ministry of Finance, Ministry of Infrastructure and Development. The jury decides about amount of points, which will be given to the local government for each parameter considered into the assessment. The place of local government in the ranking is determined by total points from the first and second stage of this assessment.

In the first stage of the assessment, LGUs that most invested for the last three years, and at the same time had the best finance management are selected. These data come from the Ministry of Finance. During the first stage, the following criteria are taken into account, inter alia: the growth dynamics of the property expenditures per capita (reduced by UE funds), the value of EU funds per capita, debt of the local government in relation to revenues, growth rate of spending on administration, the growth dynamics of the own revenues, the growth dynamics of the total expenditure per capita in selected sectors (transport and communications, and environmental protection) ("Ranking samorządów 2014", 2014). The local governments

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<sup>1</sup> Warsaw was not taken into account, due to its specific administrative system and the large number of inhabitants

that have met the above criteria (received the most points) are qualified to the second stage of assessment, in which the management quality of the local government is analyzed. LGUs qualified to this stage receive a questionnaire with over a dozen questions about: the share of spending on non-governmental organizations in the total expenditure, the number of applications for funding non-governmental organizations, housing expenditure per capita, test results of six-year students and junior-high school students, the unemployment rate, the number of new businesses, the share of spending on the community promotion in the total expenditures, and it takes into consideration possession by the government a Card of Large Family.

It should be noted that every year new questions are added to the questionnaire. On the one hand, this is an advantage, because current legal, economic and social changes that affect the financial situation of local governments and the life quality of inhabitants are considered.

On the other hand, it raises difficult issues for comparing the situation of local governments over the years.

### **Research Methodology**

The analysis of the effectiveness of public services provision is based on studies of literature, comparative analysis of LGUs with the use of ranking *List* of the best local governments in Poland in terms of supporting socio-economic development and the life quality of inhabitants. It is also based on statistical data (to a smaller extent).

For the purposes of the analysis of the effectiveness of public services provided by the local governments, the author chose the ranking *Lists* from the 2008, 2011, 2014, which present data respectively for 2007, 2010 and 2013. The choice of this research period was determined by the desire to analyze the impact of the financial crisis on the financial situation of local governments and the effectiveness of public service provision (quality of life). *List* from 2008 presents a situation of local governments before the financial crisis, and it is the oldest, and available for the author, ranking list. On the other hand, the ranking from 2011 describes the situation after the crisis, and the *List* from 2014 presents the latest data.

For the purposes of the multi-faceted analysis of the efficiency of public services provision by local governments, the parameters from the first stage were used (criteria related to the financial situation), and from the second stage (criteria related to the quality management). The choice of parameters was determined by the need to ensure uniform criteria for the local government assessment during the entire research period. Moreover, not all

parameters that are taken into account in the assessment of local government are published by the daily newspaper "Rzeczpospolita". Therefore, the assessment of the financial situation of local governments was based on four characteristics: the value of EU funds per capita, the value of own incomes per capita, and the total expenditures per capita. On the basis of these parameters, the last characteristic was calculated – the value of deficit per capita.

In turn, the assessment of management quality was based on: the value of housing expenditure per capita, the share of spending on non-governmental organizations in the total expenditure, the share of spending on the community promotion in the total expenditure, the share of spending on non-governmental organizations in the total expenditure and the number of new businesses per thousand inhabitants. The analysis was carried out in three groups of local governments: cities with district rights, urban and rural-urban municipalities, and rural communities.

Due to the fact that the number of local government qualified for the analyzed rankings was changing, for the purposes of comparative analysis of indexes characterizing the financial position and the management quality, the Lists have been reduced so that the analyzed period included the same number of local governments. For cities with district rights, the first 45 local governments were assumed, for urban and urban-rural municipalities – 75, and for rural communities – 90. Additionally, in order to compare LGUs in the framework of the above mentioned three groups, the average value characterizing the average self-government within the group was calculated for the each parameter assessing the financial condition and management quality.

In the second part of the analysis of the effectiveness of public services provision, the author evaluated cities with district rights that have qualified for all three researched ranking *Lists* from the years 2007–2013. Then, three separate rankings of the best 15 cities with district rights in the years 2007–2013 (*List 15*) were created in the following categories: financial situation (*List 15 – the financial situation*), quality management (*List 15 – the quality management*) and overall assessment (*List 15 – overall assessment*). Position in these lists was calculated as an average position for the three researched ranking *Lists*.



## Overall Assessment of Effectiveness of Public Services Provided by Local Governments

By analyzing the number of local governments on the ranking *Lists* in individual regions (Table 1), we can see that the most of them come from: Silesian Province – 93, Mazovia Province – 75 and Małopolska Province – 70.

In turn, the smallest number of local governments was from: Opolskie Province – 13, Kujawy-Pomerania Province – 26, Podlaskie Province – 27 and Świętokrzyskie Province – 29. On the basis of the data from the table, we can see that there is a clear separation of local governments in terms of life quality between Poland "A" and "B". Dynamic of changes in the number of local governments by regions shows that the fastest rate of change in the life quality occurred in Lublin Province, Kujawy-Pomerania Province and Warmia and Mazury Province. These regions are characterized by a much lower GDP per capita than the average value for the whole country (Central Statistical Office, 2014). The poor regions quickly catching up a gap in life quality, however they are far from rich regions, such as Mazovia Province and Silesia Province.

**Table 1.** The number of local governments qualified to the *Rankin Lists* in years 2007–2013

Province	Number of LGUs			Amount of 2007–2013	2013/2007 in pct.
	2006	2010	2013		
Lower Silesia Province	22	18	15	55	68,2
Kujawy-Pomerania Province	8	6	12	26	150,0
Lublin Province	9	11	23	43	255,6
Lubuskie Province	11	9	10	30	90,9
Łódź Province	14	17	14	45	100,0
Małopolska Province	20	28	22	70	110,0
Mazovia Province	29	20	26	75	89,7
Opole Province	5	3	5	13	100,0
Podkarpacie Province	17	18	12	47	70,6
Podlasie Province	8	8	11	27	137,5
Pomerania Province	17	11	15	43	88,2
Silesia Province	32	27	34	93	106,3
Świętokrzyskie Province	6	15	8	29	133,3
Warmia and Mazury Province	9	8	13	30	144,4
Greater Poland Province	22	7	16	45	72,7
West Pomerania Province	12	17	13	42	108,3

Source: own elaboration on the basis of: Ranking samorządów 2008 (2008), Ranking samorządów 2011 (2011), Ranking samorządów 2014 (2014).

In the analyzed period, the number of local governments qualified to the "Rzeczpospolita" ranking initially amounted to 241 in 2007, then it decreased to 234 in 2010 (Table 2).

**Table 2.** The number of local governments in the *Rankin Lists* in years 2007–2013

LGUs	2007	2010	2013
Cities with district rights	50	48	54
Urban, urban and rural municipalities	100	75	100
Rural municipalities	91	109	94
Total	241	235	248

Source: own elaboration on the basis of: Ranking samorządów 2008 (2008), Ranking samorządów 2011 (2011), Ranking samorządów 2014 (2014).

In 2007–2010, the number of municipalities has decreased in the group of cities with district rights and urban, urban and rural municipalities. The biggest decrease concerned the second group of local governments. The number of urban, as well as urban and rural municipalities declined by as much as 35. These trends may come from the deterioration of the financial condition of Polish local governments during the financial crisis of 2007–2008. This is confirmed by the data from the Ministry of Finance (2014), which shows that the debt of local governments began to grow rapidly since 2008. In the subsequent years, in each of researched group of local governments, the number of local governments increased. The opposite trend occurred in the case of rural communities, which may indicate that this group of LGUs slowly responded to the economic crisis.

The data in Table 3 presents indexes describing the financial situation of local governments qualified to the ranking *Lists* in the analyzed period. In the case of cities with district rights and urban, urban and rural municipalities, revenues and expenditure budgets of LGUs per capita were gradually growing in 2007–2013. However, the expenditure increased faster than revenues, which is confirmed by data on the budget deficit. The year 2007 was the only year in which the local governments had a budgetary surplus. Then, in 2010 the budget deficit was the largest, and it decreased significantly in 2013. It indicates a high sensitivity of both revenues and expenditures of cities with district rights and urban, urban and rural municipalities on business cycle. In the case of rural municipalities, their revenues and expenditures grew until 2010, and in 2013 both parameters were decreased. This different trend related to revenues of rural municipalities may result from the fact that these local governments are more dependent on transfers from the state budget than on the own revenues changes, which significant-

ly depend on the business cycle. Moreover, the agricultural tax is one of the most stable sources of revenues for local governments, which supplies the budgets of rural, urban and rural municipalities.

**Table 3.** Local governments from *Ranking Lists* in terms of life quality in 2007–2013 – the assessment of the financial situation

Specification	2007		2010		2013	
	value	average value.	value	average value	value	average value
<b>Cities with district rights</b>						
Number of LGUs	45	-	45	-	45	-
Revenues per capita (in thousands of PLN)	153,2	3,4	189,4	4,2	217,3	4,8
Expenditures per capita (in thousands of PLN)	151,5	3,4	215,4	4,8	221,0	4,9
Surplus/(deficit) per capita. (in thousands of PLN/person)	1,7	0,0	-26,0	-0,6	-3,7	-0,1
EU funds per capita. (in thousands of PLN/person)	10,1	0,2	2,4	0,1	18,1	0,4
<b>Urban, urban and rural municipalities</b>						
Number of LGUs	75	-	75	-	75	-
Revenues per capita (in thousands of PLN)	191,0	2,5	250,5	3,3	254,0	3,4
Expenditures per capita (in thousands of PLN)	187,5	2,5	293,1	3,9	254,7	3,5
Surplus/(deficit) per capita. (in thousands of PLN/person)	3,5	0,0	-42,6	-0,6	-0,7	-0,0
EU funds per capita. (in thousands of PLN/person)	12,6	0,2	10,04	0,1	25,1	0,3
<b>Rural municipalities</b>						
Number of LGUs	90	-	90	-	90	-
Revenues per capita (in thousands of PLN)	250,8	2,8	361,9	4,0	334,0	3,7
Expenditures per capita (in thousands of PLN)	242,7	2,7	422,2	4,7	336,3	3,7
Surplus/(deficit) per capita. (in thousands of PLN/person)	8,0	0,1	-60,2	-0,7	-2,3	-0,0
EU funds per capita. (in thousands of PLN/person)	16,9	0,2	12,5	0,1	40,7	0,5

Source: own elaboration on the basis of: Ranking samorządów 2008 (2008), Ranking samorządów 2011 (2011)., Ranking samorządów 2014 (2014).

However, the economic slowdown of 2013 also reduced the budgets of rural municipalities. It should be noticed that in the period 2007–2010, the

rural municipalities were characterized by the largest increase in budgetary expenditures which may be determined by the increase in expenditures co-financed by EU funds. In the second quarter of 2009, in comparison to the previous year, apart from the provinces and districts, the most EU funds went to rural municipalities (Swaniewicz & Łukomska, 2009).

In the analyzed period, the trends associated with the budgetary surplus were the same as is the case for other local government groups. The impact of the financial crisis on the financial condition of local government is visible especially on the example of the amount of EU funds per person gained by the governments. In 2010, in each of the local government groups, the value of this parameter decreased, and the greatest decrease concerned cities with district rights. Among all researched group, local governments are the largest investors and have the widest range of tasks (they have the status of municipality and district). The economic activity deterioration and increase in debt caused that some cities with the district rights had to resign from investments or postpone them for the future. It is confirmed by the rapid grow in the amount of the EU funds gained in 2013. It should be noted that this change may be related to the ending of *EU Financial Perspective of 2007–2013*.

In the analyzed period among the three LGUs groups, the cities with district rights had the highest average value of incomes and expenditures per capita. It is related to the fact that big cities have a larger socio-economic potential. In turn, urban, urban and rural municipalities had the lowest value of these characteristics. It is also interesting that the revenues and expenditures of rural municipalities per capita, in 2010, reached the value close the value of cities with district rights. As already mentioned above, this is related to the differences in the budgets' sensitivity to the business cycles.

The effectiveness of public services provision is also determined by the quality of local government management. (Table 4). By analyzing the housing expenditures, we can analyze how the local governments shaped the material conditions of residents' life. In 2010–2013, cities with district rights decided to reduce these s expenditures. These local governments due to undertaken investments and a wide range of carried out tasks, among the researched groups of LGUs, have the most burdened budgets. The resignation form housing expenditures can be a form of expenditures limitation, because tenants of communal housings often have arrears in payments. In the case of urban, urban and rural municipalities, expenditures on the housing economy were changed a little. In turn, rural municipalities have increased the share of expenditures, which may result from the depopulation

of cities and movement of inhabitants to the rural areas located near to the metropolis.

**Table 4.** Local governments from *Ranking List* in terms of life quality in 2007–2013 – the assessment of the quality management

Specification	2007		2010		2013	
	value	average value.	value	average value	value	average value
<b>Cities with district rights</b>						
Number of LGUs	45	-	45	-	45	-
Housing expenditure (thousands of PLN/person)*	.	-	13,0	288,0	11,4	253,3
New businesses (per thousands persons)	379,5	8,4	477,0	10,6	465,0	10,3
Share of spending on the community promotion in the total expenditure (in pct.)	16,2	0,4	20,0	0,4	18,6	0,4
Share of spending on non-governmental organizations in the total expenditure (pct.)*	.	-	59,0	1,3	64,2	1,4
<b>Urban, urban and rural municipalities</b>						
Number of LGUs	75	-	75	-	75	-
Housing expenditure (thousands of PLN/person)*	.	-	10,0	128,8	9,7	129,1
New businesses (per thousand persons)	684,1	9,1	740,0	9,9	589,0	7,9
Share of spending on the community promotion in the total expenditure (pct.)	27,9	0,4	37,0	0,5	35,7	0,5
Share of spending on non-governmental organizations in the total expenditure (pct.)*	.	-	65,0	0,9	68,2	0,9
<b>Rural municipalities</b>						
Number of LGUs	90	-	90	-	90	-
Housing expenditure (thousands of PLN/person)*	.	-	5,5	61,3	7,5	82,8
New businesses (per thousands persons)	780,7	8,7	758,0	8,4	593,0	6,7
Share of spending on the community promotion in the total expenditure (pct.)	20,0	0,2	30,0	0,3	25,3	0,3
Share of spending on non-governmental organizations in the total expenditure (pct.)*	.	-	53,0	0,6	56,5	0,6

\* in 2007.the parameter was considered during the assessment of life quality, but the data have not been published in the ranking.

Source: own elaboration on the basis of: Ranking samorządów 2008 (2008), Ranking samorządów 2011 (2011)., Ranking samorządów 2014 (2014).

In the analyzed period, in terms of the entrepreneurship parameters evolution of the local governments, only the cities with district rights didn't experience a large drop in the number of new businesses per thousand inhabitants. Moreover, the dominance of this LGUs group increased after 2010.

Equally interesting was the evolution of the participation rates of expenditures on the promotion of community in the total expenditures. In 2010, despite the financial crisis, the local governments increased the expenditures on promotion. On the other hand, in the years 2007–2013, in each group of local governments, the share of expenditures on non-governmental organizations in the total expenditures has grown.

In turn, the average value of these parameters in the various groups of local governments didn't differ to a large extent. Only cities with district rights were characterized by higher indexes related to the entrepreneurship and housing conditions.

### **Leaders of the Local Governments Ranking – Comparative Analysis**

Among the cities with district rights, three cities with district rights were placed in the leading forefront of leaders in supporting the socio-economic development and quality of life (*List 15 – overall assessment*). – Poznań and Sopot were in the same place, and just behind them – Gdańsk.

The position of the above-mentioned municipalities in the ranking was fairly stable during the entire analyzed period. This may certify about an effective and consistently implemented strategy of sustainable development (Table 5). Equally interesting is also the fact that presidents in these cities held their offices continuously for up to 16 years (terms of office from years 1998–2013) – it was the longest, uninterrupted term of office among the fifteen best cities. The same situation took place in the cases of Rybnik, Leszno and Katowice. It is also worth noting that the local governments from the *List 15 – overall assessment* were characterized by the fairly long terms of office among presidents – an exception was Koszalin.

**Table 5.** The best cities with district rights in the local governments rankings in terms of position in the *List 15 – the overall assessment*

No.	Local government	Province	Position in the List			Average position	Longest president term of office
			2007	2010	2013		
1.	Poznań	Greater Poland Province	1	1	4	2	16
2.	Sopot	Pomerania Province	2	2	3	2	16
3.	Gdańsk	Pomerania Province	8	6	1	5	16
4.	Łódź	Łódź Province	5	18	9	11	8
5.	Kraków	Małopolska Province	9	21	8	13	12
6.	Szczecin	West Pomerania Province.	14	5	19	13	8
7.	Rzeszów	Podkarpackie Province	12	28	5	15	12
8	Częstochowa	Silesia Province	11	11	24	15	8
9	Bielsko-Biała	Silesia Province	18	13	16	16	12
10	Koszalin	West Pomerania Province	4	20	23	16	5
11.	Rybnik	Silesia Province	24	10	15	16	16
12.	Olsztyn	Warmia and Mazury Province	15	26	10	17	9
13	Leszno	Greater Poland Province	21	3	30	18	16
14.	Białystok,	Podlasie Province	29	12	20	20	8
15.	Katowice	Silesia Province	16	33	14	21	16

Source: own elaboration on the basis of: Ranking samorządów 2008 (2008), Ranking samorządów 2011 (2011)., Ranking samorządów 2014 (2014).

In the forefront of the best 15 cities with district rights in terms of life quality, local governments from the northern and southern Poland have a dominant position. This trend was also certified by the data of Central Statistical Office, by which the highest subjective assessment of life quality is in the Silesia Province and Pomerania Province (Central Statistical Office, 2013). The exception was West Pomerania Province, which according to the Central Statistical Office, is ranked fairly low in terms of life quality, whereas in the *List 15 – overall assessment*, two towns from this province were placed. Koszalin and Szczecin are the largest cities of this region, therefore, probably they significantly stand out from the entire province. Equally interesting is that the most local governments of *List 15 – overall assessment* was from Silesia Province, but none of them were placed in the top 10.

In the entire research period, the biggest decline of life quality took place in Koszalin (decreased from 4th place at 2007 to 23rd at 2013). This could be due to the deterioration of financial situation, and especially due to the rapid growth of the city's debt, which might become the brake on the development.

In the analyzed period, the financial situation of the 15 best cities was diversified (Table 6). None of the analyzed local governments, in terms of average position, was ranked in the top 5 cities. In turn, in the first top ten were only Sopot and Rzeszów. In addition, only Sopot took a high place in terms of overall assessment of life quality. Thus, probably the financial situation much less determines the overall assessment of local governments.

**Table 6.** The best cities with district rights of the local government rankings in terms of position in the *List 15 – the financial situation*

No.	Local government	Provision	Position in the List			Average position
			2007	2010	2013	
1.	Sopot	Pomerania Province	4	6	17	9
2.	Rzeszów	Podkarpacie Province	3	17	11	10
3.	Rybnik	Silesia Province	15	10	12	12
4.	Krosno	Podkarpacie Province	25	9	6	13
5.	Suwałki	Podlasie Province	26	2	15	14
6.	Gdańsk	Pomerania Province	21	15	9	15
7.	Białystok	Podlasie Province	14	8	28	17
8.	Lublin	Lublin Province	9	35	8	17
9.	Tychy	Silesia Province	16	16	18	17
10.	Poznań	Wielkopolska Province	5	11	38	18
11.	Częstochowa	Silesia Province	17	12	27	19
12.	Leszno	Wielkopolska Province	28	3	26	19
13.	Łódź	Łódź Province	13	28	16	19
14.	Żory	Silesia Province	1	1	54	19
15.	Elbląg	Warmia-Masuria Province	30	20	10	20

Source: own elaboration on the basis of: Ranking samorządów 2008 (2008), Ranking samorządów 2011 (2011), Ranking samorządów 2014 (2014).

The position of Żory among 15 cities with district right with the best financial situation is worth noting. In the years 2007–2010, this city was the leader, but in 2013 it fell on the penultimate place. In 2013 the city's debt



amounted to 62% of incomes, ("Kto tonie w długach. Ranking zadłużenia samorządów", 2014), which resulted in losses of financial liquidity. Also on the List 15 – the financial situation, as well as on the *List 15 – overall assessment*, the main places are occupied by the local governments from the Polish regions with the highest GDP per capita, mainly from the Silesia Province.

In turn, in the case of *List 15 - the quality management*, the situation of cities with district rights was stable. As in the overall assessment, in terms of management quality the leaders were: Poznań, Gdańsk and Sopot (Table 7).

**Table 7.** The best cities with district rights of the local government rankings in terms of position in the *List 15 – the management quality*

No.	Local government	Province	Position in the List			Average position
			2007	2010	2014	
1.	Poznań	wielkopolskie	1	1	3	2
2.	Gdańsk	pomorskie	3	4	1	3
3.	Sopot	pomorskie	5	3	4	4
4.	Kraków	małopolskie	9	9	6	8
5.	Koszalin	zachodniopomorskie	11	11	12	11
6.	Katowice	śląskie	13	13	9	12
7.	Nowy Sącz	małopolskie	21	7	7	12
8.	Szczecin	zachodniopomorskie	20	6	11	12
9.	Łódź	łódzkie	16	16	10	14
10.	Leszno	wielkopolskie	10	10	28	16
11.	Częstochowa	śląskie	12	20	22	18
12.	Kalisz	wielkopolskie	18	18	18	18
13.	Olsztyn	warmińsko-mazurskie	13	22	25	20
14.	Rzeszów	podkarpackie	26	30	5	20
15.	Gliwice	śląskie	39	17	8	21

Source: own elaboration on the basis of: Ranking samorządów 2008 (2008), Ranking samorządów 2011 (2011)., Ranking samorządów 2014 (2014).

The high position of the above-mentioned cities results from the policy focused on the development of entrepreneurship, education and effective labor market policies, as well as efficient searching of investment funds.

## Conclusions

The multi-faceted nature of the efficiency in public services provision creates problems in the selection of measurement methods and in the assessment of LGUs functioning. Supervision of public services provision by local governments is a crucial step to improve their efficiency. The public ranking lists published in various journals can be a simple and, at the same time, multi-faceted method in the assessment of local governments. In the article, the author decided to use the ranking *List* from „Rzeczypospolitej” to the comparative assessment of local governments in terms of life quality.

In the analyzed period (2007–2013) LGUs from the rich regions clearly dominate among the local governments from the *List*. In the analyzed period, their number was fairly stable, and changed only a little, even under the influence of the financial crisis, which is also confirmed by the dynamics of change in the number of local governments qualified for the ranking. This indicates the high regional diversification in the development of life quality in Poland. It is interesting, however, that in the analyzed period regions with low life quality and GDP per capita quickly made up a gap in this area. However, as statistic shows, the gap was and still is significant (Central Statistical Office, 2013).

The financial crisis also had an impact on the total number of local governments qualified to the analyzed rankings lists from the years 2007–2013. The least numerous ranking list was the *List* from 2010 and this was mainly determined by the reduction in amount of the local governments with district rights. The economic slowdown resulting from the crisis can also be seen on the basis of basic budgetary indexes and the value of gained EU funds. In the case of cities with district rights, urban, urban and rural municipalities, in the analyzed period, the revenues and expenditures per capita grew. However, the dynamic of incomes declined, and 2007 was the last year in which the local governments had a budget surplus. However, the financial situation of rural municipalities was different – these local governments are less sensitive to the business cycle, because of the – large share of stable income of the agricultural tax and transfers from the state budget in total incomes. The economic slowdown resulting from the crisis had an impact on the value of gained EU funds – in 2010 each of the LGUs groups reported a decrease in a volume of parameters. The biggest decrease was visible in the case of cities with district rights. Equally interesting was that in 2013, despite low dynamics of GDP, this trend was reversed. Probably, it resulted from the ending of *EU Financial Perspective*.

The quality management indexes were fairly stable in the analyzed period. Despite the difficult economic situation, LGUs consistently implemented objectives of improving the life quality of inhabitants, sometimes at the cost of financial stability. The growth of housing expenditures per capita of rural municipalities deserves special attention. It may result from the migration of people from the metropolitan to rural areas. Despite of improvement of housing conditions in the years 2010–2013, the economic attractiveness of rural municipalities has gradually fallen. In the difficult economic situation, large cities better cope with the development of entrepreneurship conditions.

The second part of the analysis was connected with the examination of the best local governments developing life quality of inhabitants on the basis of cities with district rights. It showed that in the years 2007–2013 the best local governments were: Poznań, Sopot and Gdańsk. Their success was more influenced by the assessment of quality management rather than the assessment of financial situation. Thus, the effectiveness of municipal services provision is not strongly determined by the budgetary revenues. These local governments were characterized by the long term of office among presidents, which translated into the implementation of long term strategic objectives that support the stable socio-economic development and at the same time, life quality. It is also worth noting that these cities focused on the development of entrepreneurship, building of the infrastructure necessary for the inhabitants and improvement of the education level, thus supporting the labor market. Therefore, these cities can be a reference point for other local governments in developing the life quality of inhabitants.

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