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Anthony Levitas

Local government reform as state building: What the Polish case says about “decentralisation”

Abstract

Objective: Since 1990, Poland has become one of the most decentralised states in Europe. Local governments now control a third of all public expenditures. They have also delivered the goods, modernising the country’s infrastructure and restructuring its schools. This article attempts to explain why local government reform was so successful in Poland, and what it tells us about “decentralisation” elsewhere.

Research Design & Methods: Historical research, practitioner experience, comparative analysis.

Findings: The success of Polish local government reform was not due to “bottom up” accountability arising from either civic engagement or local taxation. Instead, “decentralisation” was largely a technocratic revolution from above. But accountability was created through an array of mezzo level institutions that trained and professionalised newly elected local elites, while also embedding them in the regulatory structure of the state and forcing them to monitor themselves.

Implications / Recommendations: “Decentralisation” is less dependent on “getting the rules right” or mobilising popular engagement than it is on creating institutions that encourage public officials to learn from, and monitor, each other.

Contribution: Reappraisal of what needs to be done to make “decentralisation” work. History of local government reform in Poland.

Keywords: Local governments, Poland, decentralisation, fiscal federalism, civil society

JEL classification: H1, H7, P3

Introduction

In the 1980s and 1990s, as communism collapsed and authoritarian regimes transitioned towards democracy, “decentralisation” rose to the top of the agenda for governance. And for a moment everybody seemed to agree that putting power and money closer to citizens was a “good thing”.

But thirty years, and numerous decentralisation efforts later, nobody is so sure. Now the more frequent question is why, if decentralisation is such a good thing, are there so few places where it has obviously worked? (Treisman, 2007)

Here, Poland constitutes an exceptional case. Subnational governments control over a third of all public expenditure and a remarkable 70% of public investment. They have also delivered the goods, transforming the country’s environmental infrastructure, transport systems, urban spaces and, perhaps most strikingly, its schools. Indeed, Polish schools now rank near the top of the league tables for quality and equity as measured by international tests (OECD, 2009, 2012).

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What explains Poland's success? And does this success tell us anything useful about "decentralisation" and good governance? In the following, I suggest answers to both questions by examining Poland's success against the background of the dominant discourses used to justify decentralisation efforts and the explanations of why these efforts have so often been disappointing.

The first discourse comes from the literature on fiscal federalism. This literature maintains that decentralization should produce better governance if the functions of different levels of government can be clearly separated from each other, if the benefit areas of local public services can be aligned with the jurisdictions that provide them, and if local services are paid for by local taxes. Under these conditions, the argument runs, decentralization will promote good governance by giving citizens the means (elections), the incentives (taxes), and the information (clearly delineated responsibilities) necessary to hold politicians accountable for their performance (Musgrave, 1959; Oates, 1972; Ter-Minassian, 1997).

In this discourse, the inability to get these rules right explains decentralisation's disappointments and is generally attributed to a failure of "political will" (Smoke, 2001). More particularly, difficulties making local governments pay for themselves through local taxes is said to produce transfer dependency, fiscal irresponsibility and macro-economic instability, while the inability to clearly separate functions across levels of government is thought to confuse the taxpaying electorate (Tanzi, 2002; Rodden, 2005). Similarly, the misalignment of benefit areas with political jurisdictions is held responsible for negative spill-overs, fragmentation, and political gridlock (Prud'homme 1995; Treisman, 2007).

The second discourse about decentralisation is less concerned with rules than empowerment. If citizens can be equipped with the capacities, resources and powers necessary to govern themselves, decentralisation should widen the public sphere, deepen democracy and improve public services (Cheema & Rondinelli 2007; Connerly,

2009; Fung & Wright, 2003). Here decentralisation's disappointments are usually attributed to the intractability of existing power relationships: to the ease with which dominant elites capture or subvert local governments (Bardhan & Mookerjee, 2006; Gibson, 2012) and/or to the difficulties of capacitating the disenfranchised (McGee & Gaventz, 2010; Fung & Wright, 2003).

The success of decentralisation in Poland cannot easily be understood within either of these frameworks. On the one hand, the architects of Poland's reforms ignored many of fiscal federalism's central policy prescriptions, making local governments heavily dependent on transfers and leaving the division of responsibilities in many areas – most notably in education – profoundly confused. On the other hand, there is little evidence that the process was either driven forward by, or has resulted in, wide-spread civic engagement. Instead, a small group of policy-makers designed and implemented the reforms from above. Moreover, they had modest expectations about citizen participation – expectations that have largely proved well-founded.

So how is it that local government reform in Poland has worked so well in the absence of either the intergovernmental rules or the popular engagement that the dominant literatures place at the foundation of both decentralisation's normative virtues and its practical difficulties? Or, put another way, why haven't Polish local governments descended into a miasma of fiscal imprudence and rent-seeking if neither the rules governing the system nor the citizens occupying it can be reasonably identified as the primary agents of accountability?

In the following, I argue that Poland's success is the product of a remarkably self-conscious strategy of institution building by a group of policy makers who shared a specific vision of what local government reform was about. Unlike many of their counterparts in the region (and beyond), they did not primarily regard local governments as repositories of democratic virtue or vehicles for direct civic participation. Nor did they think of local

governments as quasi-autonomous fiscal units in which the alignment of electoral jurisdictions, benefit areas and tax powers would generate a virtuous circle of good governance.

Instead, they saw local governments as functional components of a single, national system of public administration. They wanted to make local governments responsible for the vast majority of day-to-day public services, because they were convinced that this was the only way to ensure that the national government would focus on larger questions of strategy, policy, and law. For them, in other words, “decentralisation” was the foundation of a broader state-building strategy.

These reformers assumed that there was little popular demand for local governments and that the capacity to run them was weak. They also believed that deconstructing communism would be a long struggle. This, I argue, led them to construct an array of institutions designed to train and professionalise newly-elected local officials and to collectively embed them in the state’s regulatory and policy-making processes. Horizontally, these institutions mitigated the dangers of local capture and rent-seeking by fostering new norms and standards and by forcing local officials to police each other’s behaviour, thus at least partially compensating for the lack of an engaged citizenry. Vertically, they blurred the boundaries between levels of government and made possible the continual adjustment of intergovernmental relations – adjustments that allowed decentralisation to unfold as a process, and not as a one-sided attempt to instantiate rules thought to ensure subnational accountability and good governance.

The story I tell is thus about an elite group of state-builders whose ideas informed the creation of institutions that professionalised, disciplined and empowered a new class of democratically-elected local officials to govern effectively. In making this argument I am not denying that much of the impetus for the rapid creation of democratically-elected local governments was narrowly political. After all, almost everywhere in the region elections for newly-constituted

local governments were held within two years of communism’s collapse, and almost everywhere national reformers saw them as a powerful tools for defanging old foes. Nonetheless, Poland’s reforms stand out for their depth, resilience, and effectiveness, and their success cannot easily be attributed to a motivation that was widely shared elsewhere.

Equally importantly, I am not denying the importance of Solidarity, either as a trade union or as a social movement (Ekiert & Kubik, 2001). Indeed, the fact that the union was (unusually) organised along regional and not branch lines (Ost, 1991) and that many of its activists turned – as we shall see – to local governments after 1990, undoubtedly had much to do with Poland’s success.

Nonetheless, what is striking about Poland’s success is that the ideas that informed it were not predicated on strong expectations of widespread civic engagement. Indeed, in many ways the institutions that the architects of the reforms built can best be understood as mechanism designed to create responsible local elites in the presumed absence of an engaged citizenry and no faith in the tax-based accountability of fiscal federalism. Moreover, there is little strong evidence that this basic presumption was wrong: Polish post-communist civil society seems to be similar to those in the rest of the region inasmuch as the Poles continue to score at the bottom of the post-communist barrel on measures such as trust in government, trust in others, membership in associations and participation in public processes and events (Bernard, 1996; Kramer, 2002; Howard, 2003; Tworecki, 2008). Again, this is not to deny that the history of popular resistance to communism left Poland in an advantageous position in 1990 by providing the architects of its reforms with a pool of committed activists ready to enter the local governments they were creating. But saying this is very different from attributing the success of the process to an unusually engaged citizenry or a particularly “strong civil society” (Mielczarek, 2012).

In the following I proceed in four steps. First, I outline the reform's most striking achievements in order to establish that something exceptional has taken place in Poland and that little of it has to do with either fiscal federalism's rules or popular engagement. Second, I examine how the architects of the reforms understood decentralisation and how this understanding informed the institutions they created. Third, I illustrate how these institutions worked to foster new professional norms, promote horizontal accountability and facilitate the continuous adjustment of intergovernmental relations. Finally, I discuss those features of the Polish case that may be useful when considering "decentralisation" in other post-authoritarian contexts.

Poland as a decentralised polity

Decentralisation in Poland was carried out in two phases, the first in 1990 and the second in 1999. In March 1990, the national government passed the Law on Local Government (LLG) and in May held elections for approximately 2500 municipal and communal governments called *Gminas* (Sejm 1990). The LLG made *Gminas* responsible for all the basal metabolic functions of urban life,¹ as well as for preschool and primary education, ambulatory health care and some welfare services.

Between 1993 and 1997 efforts to create a second tier of county governments faltered. In 1998, however, Solidarity-affiliated parties retook parliament and within a year completed what is known as the Second Phase of decentralisation (Sejm 1998). In rural areas, 314 county-level governments were created (*Powiat Ziemski*, Rural Counties), while the 66 largest cities were made Cities with County Rights (*Miasto na Prawach Powiatu*, Large Cities). Rural Counties and Large Cities were assigned responsibility for secondary education, county-level transport and the maintenance of hospital facilities.

¹ Water supply, sewage-treatment, storm drainage, solid-waste disposal, spatial planning, public lighting and the maintenance and improvement of local roads, bridges, waterways, parks, museums and libraries.

Forty-nine *województwa* were also consolidated into 16 democratically-elected regional governments. These "Self-Governing Regions" coordinate development planning and have some infrastructure responsibilities, but deliver almost no day-to-day public services. They "co-habit" with 16 deconcentrated units of the national government which run the police, courts and a number of inspectorates. But they play a limited role in planning and deliver no other public services.

Despite the creation of Rural Counties and Self-Governing Regions, the most important level of subnational government remains municipal. *Gminas* and Large Cities control two thirds of all subnational expenditure (Figure 1) and deliver most local services. They are financially independent of Rural Counties and Self-Governing Regions, and receive their transfers directly from the state budget.² Polish decentralisation is thus best understood as deep "municipalisation" within a unitary state, with the 66 Large Cities constituting the backbone of the system.

Figure 2 shows subnational expenditures as a share of GDP and of total public expenditures for the countries that have joined the EU since 2004, as well as for those European countries in which subnational governments control a higher share of expenditure than their Polish counterparts. Polish subnational governments play a substantially larger role than those in other new EU Member States (and a much greater role than those in South-East Europe) (NALAS, 2015). Only in the Netherlands, Europe's federations, and the unitary states of Scandinavia do subnational governments control a larger share of the public purse. So, Poland is not only the most decentralised post-communist country in Europe, but one of Europe's more decentralised unitary states.

All Polish subnational governments depend heavily on national government transfers and only Large Cities derive more than 35% of their

² Self-Governing Regions have substantial responsibilities for planning and allocating EU funds. This creates some financial dependency of lower level governments on them, but it is indirect and limited.

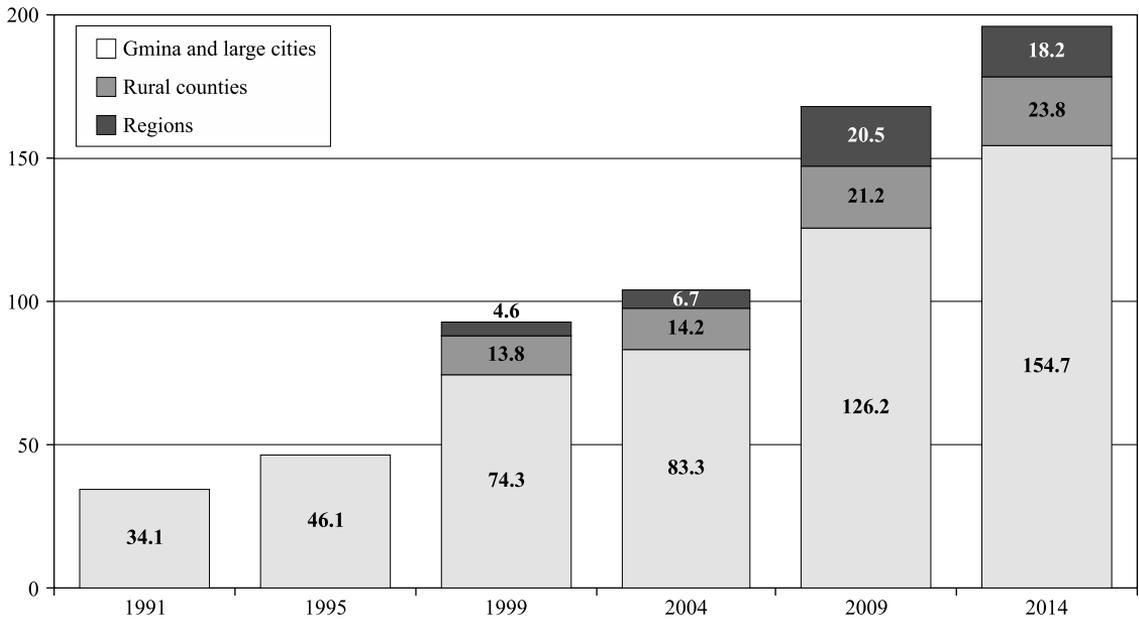


Figure 1. Local government expenditures by level of government (billion PLN)

Source: GUS/BDL http://www.stat.gov.pl/bdl/app/strona.html?p_name=indeks Own calculations.

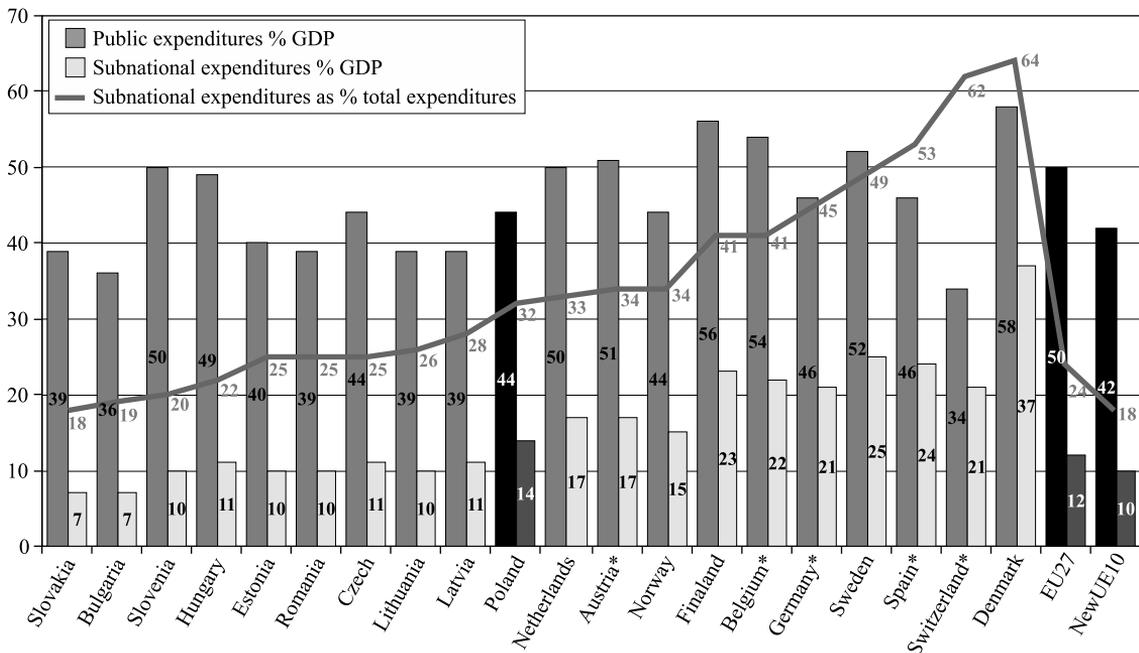


Figure 2. Public expenditures as a % of GDP & subnational Expenditures as % of GDP and of public expenditures (2010–12 average)

Source: EuroStat: http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database *Federations.

revenue from own sources (Figure 3). In Gminas and Large Cities the most important transfers come from Shared Taxes and the Education and Equalisation Components of the General Grant. All subnational governments get a percentage of the Personal Income Tax (PIT) generated in their jurisdictions, and all but Gminas get a percentage of Corporate Income Tax (CIT).³ But these shares differ for each type. They have also been adjusted upward following the devolution of new functions and/or negotiations with the national government. Currently, 50% of the national yield of PIT and 22% of CIT are returned to subnational governments on an origin basis. Origin-based tax sharing creates a direct budgetary incentive for local governments to promote job growth and to work with the national government legalise the grey economy.

Tax sharing also anchors the equalisation system: jurisdictions whose per capita revenues from shared

taxes are less than 90% of the national average receive a grant equal to 85% of the difference between the per capita yield of these taxes in their jurisdictions and 90% of the national average. This system has provided even very poor jurisdictions with reasonable revenues. It is also transparent and simple to administer because it does not use politically contentious proxy measures of relative wealth.

Between approximately 20% and 35% of the revenues of Gminas, Rural Counties, and Large Cities come from the Education Component of the General Grant. It is calculated on the basis of the number of (weighted) pupils attending schools in a jurisdiction. Rural Gminas receive about 30% more per pupil than urban Gminas, because rural schools have smaller classes. As a result, this component of the grant has also improved the horizontal equity of the system

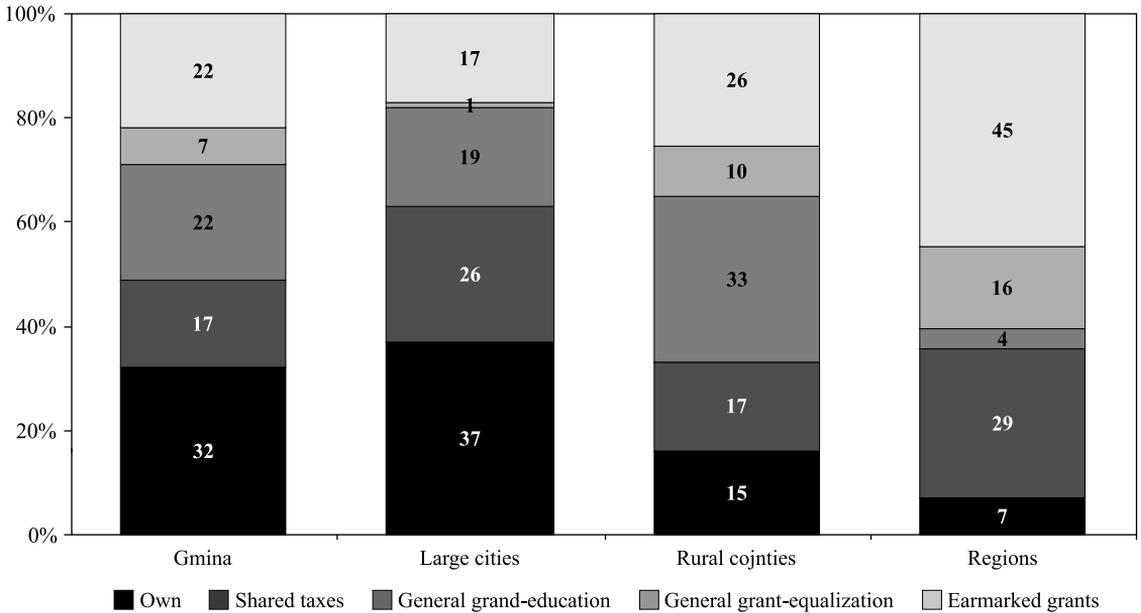


Figure 3. Shares of subnational Revenue by type (2014)

Source: GUS/BDL http://www.stat.gov.pl/bdl/app/strona.html?p_name=indeks Own-calculations.

³ Polish law considers shared taxes to be “own-revenues”. The professional literature on public finance, however, considers “shared taxes” to be transfers because subnational governments control neither their base nor their rate.

because Rural Gminas tend to be poorer than urban ones (Herbst, Herczyński & Levitas, 2009).

Both Gminas and Large Cities derive approximately 12% of their revenues from an area-based property tax. This is the most important local tax and nationally yields about 1.1% of GDP. This equals the EU average, and is more than double the average for South-East Europe (NALAS, 2015).⁴ But the relatively good performance of the property tax does not mean that local governments are really taxing citizens. Instead, 85% of the tax comes from businesses (Przekopiak, 2009).

Gminas and Large Cities generate about 5% of their income from the sale or rental of municipal property. Comparative data on local asset revenue is hard to find, but Poland is certainly a high-flyer. This is because reformers insisted that state-owned land be rapidly transferred to local governments, and because the Holocaust and the post-war expulsion of Germans from Silesia meant large amounts of real estate were available for municipalisation.⁵ The sale and rental of these assets put municipalities at the front of the so-called “small privatisation”. This was important because the privatisation of large state-owned enterprises went slowly (Potkański, 2013; Levitas, 1992). It also provided municipalities with a powerful tool for controlling urban land use (Panko, 1995).

Poland also has the deepest subnational capital market in post-communist Europe, including an unusually vibrant bond market (Levitas & Kopańska, 2003). Between 1995 and 2009 subnational government debt tripled and now exceeds €15 billion (GUS, 2011, p. 49). More than 80% of subnational governments have borrowed and only a handful have exceeded their legal limits

⁴ Yields in most developing countries are worse (Sepulveda, Martinez-Vazquez, 2011). In only a few places – most notably the US and Canada – does the tax generate more than 2.5% of GDP. Nonetheless, the fiscal federalist literature insists that the property tax is the single-best local tax. See Bird (2010).

⁵ Jews constituted 30% of the pre-war urban population and owned at least an equivalent share of urban real estate. The 2.5 million Germans expelled from Silesia were the dominant urban population.

or been forced to adjust their payment schedules. Thus, despite their “transfer dependency,” local governments have exhibited little of the imprudence expected by fiscal federalists and which indeed is found often enough in practice.

Poland’s intergovernmental finance system has provided subnational governments with what the literature calls “adequate, equitable, and predictable revenues.” The best evidence for this is that between 1991 and 2009 20% to 25% of subnational expenditure went to investment (GUS, own calculations). This rate is particularly remarkable because it is from an elevated base given the high operating costs of schools (approximately 30% of expenditure). Equally important, investment rates do not differ significantly between urban and rural jurisdictions, underscoring the basic equity of the system. Most strikingly, for the last twenty years Polish subnational governments have spent much more on investment as a percentage of GDP – 2.5% – than their counterparts elsewhere in the EU (Figure 4), accounting for a higher share of public investment (63%) than subnational governments in both new (44%) and old (58%) Member States. In short, subnational governments have played an outsized role in building the new Polish state.

During the 1990s local governments built close to 2,000 biological sewage-treatment plants and tripled the number of household connections. After 1999 they focused on transport, doubling the length of hardened roads (ZMP, 2010). They have also consistently devoted 8% – 14% of investment spending on education (GUS/BDL, own-calculations).

Gminas and Large Cities now manage approximately 35,000 schools and non-school educational facilities, consistently spending approximately 40% more on them than they receive from the national government (Herbst, Herczyński & Levitas 2009, pp. 103–106).⁶ They have used this additional spending to dramatically improve

⁶ Without this contribution pre-tertiary education expenditure would equal 3.4% of GDP – low for the OECD – as opposed to approximately 4% – the average (pp. 46, 218)

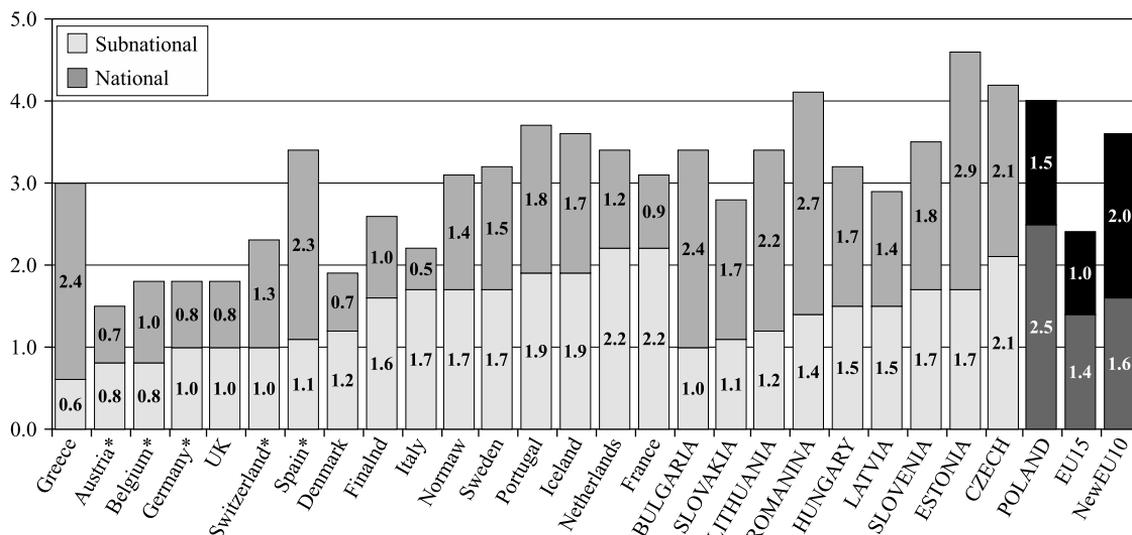


Figure 4. Public investments by level of government as percentage of GDP (average 1995-2012)

Source: EuroStat: http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database *Federations; CAPS NewEU10

facilities, double preschool enrolment from 18% to 36% nationally (approximately 80% in Large Cities, Swianiewicz, 2012), and to support substantial amounts of additional teaching time.

Moreover, they have done this in the face of a 27% drop in enrolment between 2000 and 2010. Demographic decline has forced local governments to close 20% of all facilities, restructure school networks and transport systems and reduce the teaching force by 6%. The gap between falling enrolment and employment has pushed class sizes to the low end of the OECD-spectrum and generated much handwringing about lost efficiency. But given how difficult it is to fire teachers and close schools, what is much more remarkable is the extent of the restructuring (Herbst & Levitas, 2012).

Most importantly, decentralisation has been accompanied by dramatic improvements in student scores on international tests such as PISA and TIMSS. Indeed, Poland’s gains have been among the highest in the world – particularly for poorer students⁷ – and have made the country something

of a poster child for education reform (Ripley, 2012). And while it is impossible to attribute these gains to any single factor, it seems clear – as the authors of the 2009 PISA report put it – that:

It is hard to argue that the devolution of schooling to local governments has thus far been anything other than a positive development for Polish education. (OECD 2009, p. 34)

Local government reform as state-building

Framing ideas

In the winter of 1989 the Polish United Workers Party and the still illegal trade union “Solidarity” sat down at the “Roundtable Talks”. The Talks led to the re-legalisation of the union and to partially free parliamentary elections in June 1989. By summer’s end communism had collapsed and by March 1990 Poland had held elections for 2,500 Gminas.

students increased 40 points and the scores of the highest achieving pupils remained stable. These trends continued in 2012.

⁷ The share of students below Level 2 proficiency decreased by 8%; the performance of the lowest-achieving

The breakneck speed with which Gminas were created suggests that decentralisation was a high priority within the opposition. But, at least initially, it was of only marginal interest. To be sure, the opposition had used the term “Self-Governing Republic” (*Rzeczpospolita Samorządowa*) since the late 1970s. But the phrase was not associated with local governments. Instead, it referred to Workers Councils or was understood as a call for civil society to organise itself outside of the communist state. Consequently, while Solidarity’s 1981 programmatic declaration mentioned local government, its 20th point read: “Authentic Workers Councils will be the foundation of the Self-Governing Republic” (Regulski, 2000, pp. 17 – 38).

Thus, during the preparation for the Talks, the union’s main negotiators did not put local governments on the agenda. Jerzy Regulski – the acknowledged “father” of the reforms (Paszynski, 1996) – explained the oversight bluntly: “At the time, the question of rebuilding local governments was not considered a significant issue either by the existing political authorities or within the opposition community (*środowiska*)” (Regulski, 2000, p. 48). Indeed, it was only at the last minute that Regulski and his collaborators placed the issue on the agenda and established a sub-committee for them. Michał Kulesza, later the Plenipotentiary for Local Government, was so galled by this indifference that his blurb for the publication “Who’s Who at the Roundtable” read:

It is shocking that the opposition has attached so little importance to the issue of local government, leaving it to the “experts” and not understanding that human affairs are decided equally at the place of work as in the place of residence – **which is the real field for the creation of networks (*środowiska*) and political elites.** (emphasis mine) (Kulesza, 1993, p. 37)⁸

⁸ Similarly, Regulski complained “Unfortunately, in Poland people don’t know what self-governing cities and communes are, they don’t understand their essence, or appreciate their significance” (1992, p. 105).

But while most of the opposition was uninterested in local government, a small group of geographers and administrative lawyers had been working on the question for years. During the 1980s the group researched the local operation of the party-state, closely observed decentralisation reforms in Denmark and Sweden, and wrote widely about the need to restore Gminas in Poland. Indeed, by the time communism collapsed, the group can reasonably be called an “epistemological community” that shared a foundational belief that whatever Solidarity’s future might be, the locus of politics in Poland had to be shifted from factory to home.⁹

This community insisted that not only did local governments have to be democratically-elected, but they had to have legal identities, independent budgets, property rights and control over their personnel. They also clearly saw local governments as a tool for dismantling the communist state, a position that new government quickly adopted. Nonetheless, they protested when colleagues characterised local governments “only as a form of organised co-operation between people and not as elements of public administration” (Regulski, 2000, p. 38). And while they believed that bringing power closer to the people would lead to better public services, they did not see the primary virtues of local government in terms of citizen participation. Instead, they identified newly-elected local elites as the primary agents of transformation. Kulesza wrote:

In Poland today the issue is not about widespread, everyday participation in local affairs. People are really exhausted. Besides, there are few places in the civilised world in which permanent social and political engagement is expected from citizens. No, that is what elections and democratic

⁹ This community congealed around a series of research projects led by Regulski and Kulesza and run by the Department of Regional Economy of the Polish Academy of Sciences, the University of Lodz’s Department of Economics and Urban Development, and the Law School of the University of Warsaw. Much of the work was done with Danish and Norwegian researchers.

representatives are for...it is they – local politicians – who must be exceptionally active and take the results of their work to the electorate for legitimation. (Kulesza, 2008, p. 28)

This sober assessment ran against regional trends where a “Tocquevillian myth of localism flourished in which local self-government was to be the incarnation of civil society, and everything the regime was not” (Coulson & Campbell, 2006). It also kept Polish reformers from allowing every village to declare itself a Gmina. As a result, Poland avoided the jurisdictional fragmentation that has haunted decentralisation efforts almost everywhere else in the post-communist world and which was fuelled by a romantic, “small is beautiful” conception of local democracy (Swianiewicz, 2002; Illner, 1998).

Poland’s reformers argued that communism had failed because the state had tried to do too much. But they did not see the state as inherently leviathan. On the contrary, they insisted that local governments are elements of a single system of public administration “acting within the political, economic, and social structure of the state...and whose range of rights and obligations are determined by law” (Kulesza, 1993, p.40). For them the key point was that for the national government to fulfil its strategic, policy, and legislative functions it had to be relieved of the burden of delivering day-to-day public services. A report from the Plenipotentiary for Local Government put it this way:

The excessive concentration of power and competencies at the centre creates a situation in which the centre continues to be focused on arranging or fixing small things, and not on preparing a broader developmental strategy or on realising its own policies... [Decentralisation is necessary] to increase the responsiveness (*sterowalności*) of the state and above all the effectiveness of its executive powers (Pełnomocnik, 1993, p. 107–108).

In short, the architects of Poland’s reforms saw decentralisation as part of a broader state-building strategy and more in functional terms than ones

of empowerment.¹⁰ But they also had little use for fiscal federalism’s tax-based logic of accountability. To be sure, they wanted to give local governments some tax powers as well as large amounts of “lordless” (*bezpański*) state property that they expected would generate revenue. But they knew there was no tax base they could assign to local governments that would yield anything like the revenues needed to fund the functions they wanted to give them. Thus, even at the Round Table, they argued that it was impossible “...to count on local governments to finance themselves from own revenues... [and that] they will require a general grant defined by law and allocated in accordance with objective criteria” (Kulesza, 1993, p.53).

Revealingly, they also rejected a communist proposal made to start the decentralisation process at the regional level. They argued:

The creation of self-governments requires the existence of a pluralistic form of local social and political life. As we can commonly agree, there **still doesn’t exist an appropriately shaped “pro-local government citizens attitude” even at the local level.** Self-governments have to be built from the bottom up. **Only as a consequence of forming elites (as well as programs) in cities and communes will it be possible to take the next step and build institutions of local government for larger territorial areas.** (Kulesza, 1993, p. 47, emphasis mine)

Indeed, this statement proved remarkably prescient, accurately anticipating both citizens’ limited engagement with local governments and the centrality that new elites would play in their success. The first local elections of 1990 nicely illustrate both tendencies: Solidarity’s Local Citizens’ Committees nominated the vast majority of the 150,000 candidates who competed for 52,000 council seats. These candidates won a remarkable 80% of all positions in Large Cities and

¹⁰ Swianiewicz (2011) writes: “It has never been formulated as official policy but both analysis of implemented national policies and surveys of local politicians suggest that in practice Polish local governments have a purely functional role.”

47% nationwide. But while the prospects of running Gminas proved attractive to union members and supporters, it failed to excite the average citizen: only 42% of the electorate voted, 20% lower than in the parliamentary elections held nine months earlier (Zespol, 1994). Worse, turnout fell to 34% in the 1994 local elections and has never exceeded 50%. Moreover, while poll data suggests that most citizens support decentralisation, consider local officials more trustworthy than national ones, and think that local governments have improved public services, they do not want to get involved in local affairs – an attitude that Swianiewicz nicely characterised as one of “sympathetic disengagement” (2001).

Professionalising new elites and embedding voice

As Regulski later put it, Poland’s reforms “were initiated ‘from above’ but in the belief – as the future would show to be correct – that local government would become a significant political force” (2000, p.404). To ensure that they would become a significant political force, Poland’s reformers very deliberately created institutions to train, organise and give them voice. And remarkably, they started building these institutions even before they created Gminas.

Thus, in late 1989, Regulski and a group of MPs established the Foundation in Support of Local Democracy (FSLD) in order to provide training, research, and support services to local governments. The Foundation immediately set up regional training centres, which by year’s end had given short courses on the rights and obligations of Gminas to 30,000 (60%) freshly-minted local officials. The Foundation’s centres quickly become research and policy hubs for what activists referred to as the “Local Self-Government Movement” (*Ruch Samorządowy*, FRLD 2010). By 2009 more than a million local officials had been trained by them, while more than 10,000 students had earned degrees from the colleges the Foundation eventually created.

Similarly, in early 1990, a team around Kulesza established Municipium, a publishing house devoted solely to local governments. It published the first edition of its national weekly *Wspólnota* (Community) before the 1990 elections. *Wspólnota*’s bread-and-butter is explaining new legislation, highlighting intergovernmental disputes and touting local innovation. But it also reports on local incompetence and malfeasance and has played an important role in holding officials accountable and in developing new behavioural norms. In 1991, Municipium launched the academic monthly “Samorząd Terytorialny” (Local Self-Government), a venture that was followed by the publication of three more specialised journals, on local finances (*Finanse Komunalne*, 1993), housing co-operatives (*Wspólnota Mieszkaniowa*, 1996) and human resources (*Pracownik Samorządowy*, 1998).

In short, Poland’s reformers rather uniquely built institutions designed to knit new local elites into a professional community with a common understanding of its purpose, powers, and problems even before establishing Gminas. Similarly, they sought to institutionally guarantee that this community was integrated into the regulatory regime that would govern the rights, resources and behaviour of local governments.

Thus, provisions in the initial drafts of the Local Government Law (LGL) required the national government to discuss its policies with a single, compulsory Local Government Association. When, however, Parliament rejected a compulsory association,¹¹ reformers regrouped and introduced articles that established Regional Assemblies of Gminas at the voivodship level (Regulski, 2000, pp. 288 – 90) while also compelling the government to present draft legislation to the local government associations that were established.¹²

¹¹ The Peasants’ Party argued that a national association would ignore rural interests, while former communists claimed that a compulsory association smacked of the old regime.

¹² Initially, four associations were established: the Union of Polish Municipalities (1990); the Association of Polish Towns (1990), the Association of Metropolitan Cities

These “little parliaments” or *Sejmiki* were given substantial regulatory powers over both their constituent members – the Gminas within their voivodships – as well as over the Voivodes who headed the state’s regional offices. The *Sejmiki* were empowered to conduct independent investigations of professional misconduct by local officials, to intervene in conflicts between mayors and city councils, and to mediate inter-Gmina disputes. Here, they are best understood as centrally-mandated, self-monitoring institutions designed to resolve conflicts and improve standards without intervention by the courts.

The *Sejmiki* were also given powers to oversee the behaviour of Voivodes, including issuing opinions on their nominees and their performance, and appealing some decisions to the courts. Indeed, the *Sejmiki* could overturn two types of decision without recourse to the courts: decisions which dissolved municipal councils for alleged financial malfeasance and decisions which prevented the sale of municipal assets (Sejm, 1990). The *Sejmiki* accelerated the transfer of state property to Gminas, monitored the allocation of earmarked grants, helped negotiate agreements between Gminas over the division or joint-management of utilities, and intervened in disputes between mayors and councils – helping to create new norms around the problematic fault line between local executive and legislative powers (Buczowski, 1996). They also nominated half the governing boards of the Regional Accounting Offices, an institution which we will discuss in the following pages.

At the same time, they continued in their efforts to ensure that national policies affecting local governments had to be discussed with their associations. In May 1993 the Prime Minister issued an ordinance creating the Joint Commission for Intergovernmental Affairs. The Commission

was composed in equal parts of representatives of the national government and the Associations and was empowered to give non-binding opinions on all legislation affecting the finances or functions of local governments (Regulski, 2000; Kulesza, 2008). Initially the Commission met sporadically and had limited influence. But when the *Sejmiki* were eliminated with the Second Phase of Decentralisation in 1999, its position was strengthened, first by another ordinance and then by legislation which clarified its structure and powers (Sejm, 2005).

A permanent Secretariat was established in the Ministry of the Interior and tasked with providing the Commission’s 24 members with the data, policy research and draft legislation necessary for its deliberations.¹³ By law, the Commission convenes every two months and has permanent subcommittees on Finance, Regional Development and European Integration. In practice, it meets monthly and its subcommittees are in near continuous session. Most importantly, all draft legislation that has any bearing on local governments – now just about everything – must be reviewed by the Commission before it can be submitted to parliament for a vote.

Often the opinions of the Commission are divided. And even when it reaches a consensus, parliament is free to ignore its recommendations. Nonetheless, the Commission is now involved in all policy-making and its opinions have led to important adjustments in tax-sharing, debt regulation, environmental standards, the use of EU funds, the assignment of responsibilities in education, health, transport and social welfare, and the rules governing accounting, budgeting, and financial reporting. Indeed, as one key architect of the reform noted, “it’s now hard to imagine the operation of the Polish state without it” (Stec, 2009).

(1990) and the Union of Rural Gminas (1993). With the Second Phase of Decentralisation these were joined by the Association of Powiats and the Association of Self-Governing Regions.

¹³ Twelve from the national government and two each from the six local government associations.

Embedding of financial oversight

Ensuring the fiscal probity of subnational governments is always a challenge. One way to meet this challenge is to make local governments finance themselves, placing the regulatory burden on taxpayers and creditors. Another is to make a government agency or a specialised court responsible for financial oversight. Poland’s reformers never seriously considered the first, because they knew local governments would be heavily dependent on transfers. But they also rejected the second because they were afraid that a national government agency might use financial oversight to meddle in local politics. Indeed, they understood that local finance would be a new domain for both Gminas and whoever was tasked with monitoring them, and that working-out acceptable practices would be an uncertain process. These uncertainties, they maintained, also argued against arm’s-length oversight by specialised courts whose well-intentioned ignorance might nonetheless incline them towards overreach (Stępień, 1991).

To square this circle, the Poles invented a financial oversight institution all their own: the Regional Accounting Chambers (RIOs). RIOs were first mentioned at the Roundtable Talks (Kulesza, 1992) and included the 1990 LGL. But it was only in 1992 that seventeen RIOs were actually created. They were made independent of all line ministries and their boundaries extended across regions, making their jurisdictions different from all other government institutions. Each RIO operated independently, though their directors belonged to a Collegium designed to co-ordinate their activities. Most importantly, while the Prime Minister nominated their Directors, nominees had to be approved by the Sejmiki, who also named half of their managing boards (Sejm, 1992). The result was a decentralised, co-governed institution whose “hybrid”¹⁴ structure and operational independence

¹⁴ Bordo writes “It appears that RIOs cannot be counted as part of the state administration, nor as a unit of the self-governing sector, and thus from a systemic point of view must be seen as a separate category of bodies, possessing

were explicitly seen as ways to prevent state overreach while fostering workable financial standards (Dębowska-Romanowska, 2013).

In 1993 seven RIO directors came from Gminas, four from the inner circle of reformers, two from state inspectorates and three from other professions. Almost all of the 98 board members appointed by the Sejmiki (of 196) worked in local governments. The boards then recruited close to one thousand employees to be inspectors and analysts (Stec, 2004). The vast majority of those were recent college graduates or accountants and lawyers drawn from industry because, as one RIO director put it:

We were convinced that we couldn’t hire people with habits carried over from the old institutions of control, because local self-government was a completely new systemic solution that has its own, quite different legal foundation than other parts of public administration. (Cybulski, Stec, Wspólnota 27 June 2013)

The RIOs responsibility for overseeing the “financial economy of local governments” is divided into four functions: Control, Oversight, Opinion Giving, and Information and Training. Under “Control” they can review the legality – not substance – of all local budget resolutions. They can declare resolutions illegal and even take temporary control of a municipality’s finances if its Council fails to comply with applicable law. Under “Oversight” they must audit the finances of all local government once every four years and they must issue non-binding opinions – “Opinion Giving” – on a local government’s ability to service prospective debts. Finally, they are responsible for developing annual training programs for their jurisdictions (Sejm, 1992), because reformers thought training was critical for the creation and dissemination of new norms (RIO, 2006).

Unfortunately, there are no detailed studies of the RIOs during their initial years of operation, but data on their rulings is suggestive. Table 1 shows

the status of a state body but equipped with far reaching independence in the execution of its tasks and functions” (2013, p. 234).

the number of budget resolutions reviewed by the RIOs for selected years between 1993 and 2011, as well as the share of resolutions they declared in violation of the law; the share of **those** violations which they considered insignificant; the share of all violations in which they initiated procedures to declare a resolution invalid; and the share of all violations that local governments failed to correct and which the RIOs ultimately invalidated.

In the early 1990s the RIOs found a high proportion of budget resolutions to be in violation of applicable law. But until 1998 they chose to consider the majority of these insignificant. They also initiated corrective procedures in a relatively small number of cases, either because they were cutting Gminas slack or because most Gminas decided to correct the problems themselves. Finally, RIOs declared a very small percentage of significant violations invalid, probably because most Gminas ultimately choose to change their budget resolutions themselves. So in the early years of reform, when local financial management was shakiest, the RIOs pursued a policy of encouraging

compliance through reprimands, instruction, and self-correction, rather than sanctions. Or, as one director put it, “We considered prevention more valuable than imposing consequences on local governments who broke the law” (Cybulski & Stec, 2013).

But, over time, the policy shifted. As local governments learned the ropes, the share of resolutions found in violation of applicable law fell from 27% to under 5%. This change occurred despite a sharp increase in the total number of resolutions reviewed and suggests that the RIOs’ pedagogic mission was being achieved. At the same time, their rulings hardened between the 1990s and the 2000s: they considered more violations serious (approximately 25% v. 65%); they subjected more to corrective procedures (20% v. 25%) and ultimately declared a much higher percentage of them illegal (approximately 10% v. approximately 35%).

This shift in policy seems to be due in part to the fact that more of the (fewer) cases that the RIOs consider in violation of the law were really serious; in part because the RIOs have

Table 1. Resolutions reviewed by RIOs

Year	Number of resolutions reviewed	% of resolutions in violation of applicable law	% of resolutions in violation of applicable law but considered insignificant	% of all violations for which corrective measures were initiated	% of all violations which resulted in a resolution being declared illegal
1993	14,103	27%	81%	15%	3%
1994	23,606	12%	76%	18%	5%
1996	45,728	5%	71%	20%	7%
1998	64,726	3%	54%	29%	14%
1999	88,391	6%	40%	19%	41%
2004	120,879	3%	31%	24%	42%
2007	138,988	3%	32%	32%	32%
2011	163,767	4%	39%	28%	31%

Source: Barczyński et al., 2013

become more rigid over time,¹⁵ and in part because there is an increase in the local governments who refuse to correct their resolutions because they want to challenge RIO rulings in the courts. Nonetheless, by embedding local governments into the management structures of the institutions created to monitor them, and by endowing these “hybrid institutions” with wide discretionary powers and training functions, Poland’s reformers succeeded in institutionalising the development and adoption of prudent financial norms and practices at the local level – no mean feat.

Education decentralisation as an embedded process

The literature on decentralisation maintains that local governments work best when their financial and managerial obligations for public services are clearly defined: without clearly separating responsibilities across levels of government, the argument runs, neither citizens nor oversight institutions can reasonably hold actors accountable. Thus, even when a responsibility is defined as “shared,” policy makers should try to legally parse its composite tasks as neatly as possible between levels of government (Musgrave, 1957; Ahmad et al., in Ter-Minassian, 1997). This sounds sensible enough. But it has little to do with how education functions were divvied up in Poland.

In the heady days of 1990 Poland’s reformers legally defined both preschool and primary education as “public functions that Gmina execute in their **own name** and on their **own responsibility**” (Sejm, 1990, emphasis mine). Nonetheless, the meaning of “**own**” was – and remains – very unclear. One major problem was created by the teachers’ unions, which forced reformers to maintain the national government’s control over wages and working conditions. Thus, Gminas finance and manage

schools in their “own name and responsibility,” but teachers wages are set by parliament (Levitas & Herczyński, 2002).

Reformers themselves created another problem: in 1990 reformers required Gminas to take over preschools and fully finance them from their general revenues. From a fiscal federalist point of view, this made sense because preschool education had been legally defined as an “own responsibility.” But the law also defined primary education as an own-responsibility. Here, however, not only were Gminas given a few years to assume control over primary schools, they were also given grants to help pay for the costs of running them. The purpose of these grants was, however, never specified and people simply assumed that they would cover the operating cost of primary schools, while Gminas would pay for investment from other sources (Herbst, Herczyński & Levitas, 2009).

From a fiscal federalist point of view these arrangements made no sense: if education is a local government “own responsibility” but the national government sets teachers’ wages, then there is no legal obstacle to the national government jacking up wages and leaving local governments to pick up the tab. Conversely, the failure to define which costs the education grant was designed to cover made it possible for local governments to hire teachers – or not fire those made redundant by declining enrolment – and then claim that the national government should foot the bill. Indeed, both problems have haunted education finance since the early 1990s. Nonetheless, neither has prevented the Poles from radically improving their schools.

The basic reason for this success lies in the institutional architecture that reformers built to ensure that local governments were always involved in national policy making. This architecture made it possible for the Poles to reach a series of pragmatic compromises that rendered the incoherence of the legal regime if not moot, fungible. And while it is impossible here to trace the politics behind the compromises, it is useful to sketch how the problems associated with both

¹⁵ In the 2000s their governance structure was centralised to prevent inconsistent rulings across jurisdictions and to extend a new electronic accounting system to all subnational governments. Centralisation seems to have rigidified some practices (Walczak, 2013).

the education grant and national wage setting played out in practice.

In the early 1990s, when Gminas began to take-over primary schools, the national government gave them grants equal to what it had previously spent on such schools. But as the number of Gminas who took over their schools rose, this practice became untenable; partly because it became clear that the historical allocation of funds was wildly unequal, and partly because demography and migration were changing enrolment patterns. Thus an agreement was reached between the Ministry and the local government associations to develop a formula which would allow “money to follow pupils”.

This formula could be developed around a “bottom-up” calculation of what education **should** cost per pupil given certain assumptions about inputs and standards. Or it could be driven by a “top-down” calculation that assumed that existing spending was close to what the country could afford, and that a reasonable approximation of per pupil costs could be had by simply dividing current spending by the total number of pupils (Levitas & Herczyński, 2002). Not surprisingly, everybody preferred the “bottom-up” strategy. But after repeated efforts to estimate what education **should** cost yielded sums well above what was being spent, the Ministry opted for a “top-down” approach.

The simple calculation of average per pupil costs was, however, insufficient to create a workable grant system, because different pupils (e.g. the handicapped, minorities) in different jurisdictions (e.g. rural and urban) had different costs. To accommodate these differences, the Ministry assigned co-efficients to different types of pupils in different types of jurisdictions. And the most important co-efficient provided a third more money for pupils in rural schools on the grounds that classes in those schools were, on average, 30% smaller than in their urban counterparts. Nonetheless, despite this additional funding, many Rural Gminas had trouble maintaining small schools.

For our purposes, however, what is important to understand is that over time it became impossible to tell whether any gap between a Gmina’s actual education spending and what it received through the grant was due to its own behaviour – e.g. failure to close facilities and/or reduce employment – or to the co-efficients used in the formula (Herbst, Herczyński & Levitas, 2009). And as the fiscal federalists would anticipate, the failure to specify what the education grant is really supposed to cover has generated an endless-blame game: Local governments argue that the grant is insufficient to cover the basic costs of schooling, while the national government insists that it is up to local governments to make do with whatever they get because education is an “own responsibility.”

In practice, however the institutional architecture for intergovernmental dialogue created by reformers has allowed these ostensibly irreconcilable positions to be bridged through a series of pragmatic compromises and adjustments. For starters, the legal regime requires the Ministry of Education to discuss with the local government associations – and now the Joint Commission – both its annual budget request to parliament and a draft of the formula it will use to allocate the education component of the general grant. The discussion of the co-efficients always produces tensions between the local governments because of their distributional consequences. At the same time, everybody also understands that some of these tensions can be resolved by increasing the Ministry’s overall budget and with it the size of the grant (Levitas, 2012).

It is impossible to trace here the politics behind either changing coefficients or the size of the grant pool, but three general points can be made: First, local governments have been instrumental in defending (or expanding) the Ministry’s budget for primary and secondary education, and in ensuring that the demographic pressure to close schools has been not been compounded by budget cuts. Second, during the 1990s, the co-efficients favoured Rural Gminas because people understood that it was harder for them to adjust their school networks to falling enrolment; but that changed in the 2000s,

as demographic decline washed through the higher grades, forcing Large Cities to close high schools. And third, the debates over both the budget and the formula became increasingly sophisticated, with all sides deploying better data and studies to justify their positions (Hebst et al., 2009).

These same institutional arrangements have been used to manage the contradiction between central wage-setting and local wage-paying. Here too the Joint Commission has forced the Ministry to make incremental adjustments in the education budget to cover wage increases and/or negotiate changes in teachers’ benefits that affect local budgets. But the best proof of the importance of these institutional arrangements is how they were used to overcome precisely the kind of catastrophic failure that the fiscal federalists would anticipate given the contradictions in the legal regime.

This failure came in 1999, as the Ministry was working on two distinct reforms associated with completing the Second Phase of Decentralisation: First it was rewriting the per pupil formula in order to accommodate the decentralisation of secondary education. And second it was redesigning the wage system in order to create stronger incentives for professional advancement. But the reform efforts were not co-ordinated and the department responsible for the new wage system underestimated the number of teachers that would be immediately entitled to raises. As a result, local wage costs increased dramatically above what the grant was designed to finance, quickly putting many local governments on the edge of insolvency. Worse, the problem required more than adding money to the grant pool because the teachers entitled to increases were unevenly distributed across jurisdictions. Finally, and further complicating matters, some local governments clearly overstated the number of teachers entitled to wage increases in order to maximise any future settlement (Levitas & Herczyński, 2002).

To resolve the crisis, the government called a series of meetings with the Joint Commission and the RIOs. The RIOs were mobilised to verify the number of teachers entitled to immediate wage

increases and to estimate the additional wage-costs of each jurisdiction. The Minister of Education was forced to resign and co-efficients were added to the formula to adjust grants in accordance with the percentage of teachers at different pay grades in each jurisdiction. But, as before, the entire mechanism remained unanchored by a clear legal definition of the financial responsibilities of different levels of government. Thus the resolution of the crisis did not fix the problem that precipitated it. Nonetheless, Poland’s framework for, and habits of, intergovernmental negotiation made possible a workable compromise (Levitas, 2012).

What does the Polish case tell us about decentralisation?

Poland is now one of the most decentralised countries in Europe. Its subnational governments have transformed the nation’s infrastructure and improved its schools. This success cannot be attributed to the rules fiscal federalists consider critical for enhancing good local governance: Despite their “transfer dependency” and the profound confusion surrounding some of their key responsibilities, Polish local governments have “delivered the goods”. Nor can this success be explained by popular demands for local control or by an engaged citizenry playing a particularly active role in holding newly-elected officials accountable. On the contrary, Polish civil society appears to be as weak and disaffected as its counterparts in the rest of post-communist Europe. In short, Poland’s success defies the expectations of the dominant discourses about decentralisation.

Instead, decentralisation in Poland was “a revolution from above”, pushed forward by a core group of reformers who saw decentralisation more in terms of public administration reform than democratic empowerment, and whose principle goal was to build a stronger state. Sceptical about their compatriots readiness to actively participate in their own governance, and conscious that the transformation of the single-party state would be

a long struggle, they placed their bets on the local officials that their reforms would create.

That these bets paid-off is due in no small part to the fact that – like the architects themselves – many of these officials came from the ranks of the civic-minded and politically-engaged elites that had emerged during Poland’s long struggle against communism. But recognising the importance of these elites is very different from arguing that the success of the reforms as a whole should be attributed to a particularly robust civil society. Instead, Poland resembles other cases in which particular social groups come to play an out-sized role in state-building and development (Anderson, 1983; Skocpol et al., 1985; Evans 1996; Petro, 2001).

Indeed, the more interesting question is how these elites were forged into an instrument of effective governance. My answer to this question is that the architects of the reforms very consciously created an array of institutions designed to train, professionalise, discipline and empower them. Horizontally, these institutions moulded newly-elected local officials into a professional group that shared a common language and purpose. They transformed local government reform into a “movement” while disciplining that movement through monitoring mechanisms that facilitated the collaborative development of new norms and standards. Vertically, these institutions embedded local governments in the regulatory structure of the state, allowing local governments to represent themselves while facilitating the continual adjustment of the powers, responsibilities, and finances of different levels of governments.

In part, these institutions functioned well because they combined the cultivation of a common sense of purpose with the development of new norms and standards and, in part, because they encouraged the continual adjustment of the intergovernmental system as a system. The former is in line with much of the work that highlights the centrality of shared goals, identities and norms to successful organizations and public institutions (Selznik, 1957; Passoti, 2001). The latter, has affinities with

the literature on pragmatism and experimental governance, a literature which identifies self-monitoring and the capacity for continuous adjustment of rules and practices as central to better government (Ansell, 2011).

How well these institutions might translate to other contexts is obviously uncertain. But it does seem that if the Polish case tells us anything, it is that successful decentralisation – as state building – requires an array of overlapping institutions to train, monitor, professionalise and represent local governments in a long, evolutionary process. This process, and the institutions needed to negotiate it, belies the fiscal federalist project of imposing a clear set of rules whose tax-based logic of accountability are held to ensure good governance.

But the Polish case also demonstrates that impressive gains in governance can be made without a particularly engaged citizenry. Saying this, of course, is not an argument against engaging citizens in their own governance. Nor is it to say that there are not many contexts in which mass mobilisation and popular contention are the best tools for creating more responsive government, local or otherwise. Nonetheless, Poland’s success suggests that if there has been a political breakthrough at the national level, then the construction of effective, responsive, and responsible local governments may be better pursued by focusing on the institutions necessary to train, professionalise, discipline and empower newly-elected local elites than by looking first to the direct participation of citizens.

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The phenomenon of urban sprawl in modern Poland: Causes, effects and remedies¹

Abstract

Objectives: The objective of this article is to identify the reasons for the emergence of urban sprawl in Poland, with particular reference to selected medium-sized cities in the Małopolska voivodeship, located at different distances from Kraków. The second objective of this article is to indicate the awareness of the authorities of these cities of the influence of the core city (Kraków) and their efforts to use this phenomenon for their own developmental goals.

Research Design & Methods: Documents defining the socio-economic development policies of Limanowa, Niepołomic and Nowy Targ were used for the analysis, as well as selected quantitative data indicating the direction and strength of the urban sprawl. An important element of this article is an indication of the consequences of this phenomenon and remedies for public administration of various levels in Poland. The model of gravitational potential was utilised as the research basis.

Contribution / Value Added: As an added value, an attempt should be made to indicate the relation between the values of indicators and the policy of local development (actions of local authorities to eliminate negative effects of the urban sprawl phenomenon).

Implications / Recommendations: Although the urban sprawl phenomenon is involuntary (and ubiquitous), it can be controlled, and the lack of actions to control consequences will make them even more acute. Solutions should be systemic in nature and implemented at the level of central administration in Poland, but the attitude of local authorities is also important. In addition, the influence of Kraków on its functional surroundings has a different strength and character. From the point of view of local authorities, it is important to diagnose strength and character (positive or negative) in order to properly choose the direction of the given city's development policy.

Article Classification: Research article

Keywords: Local development policy, urban sprawl, functional areas, spatial and socio-economic development planning

JEL classification: H7, R1, R3

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Introduction

The spread of cities, both controlled and uncontrolled, is a long-standing process in the descriptions of urbanisation. An important issue is the attempt to put theoretical aspects of causes and consequences of urban sprawl phenomenon into examples from practice. So the first part of this article is focused on defining the theoretical framework characteristics of urban sprawl in Poland from the point of view of spatial, social and economic aspects. Then, in the second part, the authors attempt to understand the causes and consequences of this phenomenon. The authors carried out an analysis of local government actions in the context of socio-economic development planning, attempting to address the topic of government awareness concerning the counteracting of urban sprawl. Three medium-sized cities located at different distances from the core city (Kraków), were analysed according to the model of gravitation of potential, the assumptions for which being set out in the text.

The aim of this article is to analyse the causes and effects of urban sprawl, together with an attempt to identify remedies relevant for the Polish public administration system. The Małopolska Voivodship was used here as an example.

Urban sprawl – a review of the literature

One of the important contemporary spatial processes affecting the economic and social sphere is what is described as amorphous urban sprawl. Amorphous urban sprawl (urban sprawl) refers to a draining, uncontrolled by metropolitan authorities, of potential from a metropolitan centre to its surroundings, which do not belong to the city in the administrative sense. This is a negative phenomenon from the viewpoint of the metropolitan authorities, undermining the qualitative potential of the centre, including the financial elements thereof. Numerous examples in literature, as well as research which has been conducted, show that this primarily concerns urbanised areas of strong qualitative potential.

Americans were the first to analyse these phenomena as social, economic, spatial and cultural issues; they have associated the phenomena with the development of the automotive industry and the spread of cars.² Among the American twentieth-century visions of ideal cities, alongside Frank Lloyd Wright's "Broadacre City", the "Roadtown" and "Motopia" projects are worth noting, both subordinate the city to the needs of traffic and extend it almost infinitely along the highways and freeways (Gruen, 1965, p. 181). The importance of the development and promulgation of individual motorisation for the transformation of the American lifestyle, in almost all dimensions of the nature of social interaction, has been and still is the subject of numerous research projects, as are the spatial effects of these processes and their impact on the economy. From the point of view of this discussion it is essential that the popularity of private cars not only long distances to be covered in a relatively short period of time but also revolutionised the sense of time, distance and the definition of "accessibility". One of the most significant changes was the separation of the ability to use the various resources of the city from the status of the inhabitant, which was conducive to a significant increase in the category of "users". Mass arrivals to cities from the suburbs, for work, for educational purposes, for entertainment, cultural participation, etc, have contributed to the development of the phenomenon described as "breathing cities" or "pulsating cities". In addition to the advantages associated with these processes, we may point to a series of negative phenomena described in a report titled "The cost of sprawl".

The most visible urban sprawl can be seen from the 1950s in the North American countries, during intense suburbanisation, changes in patterns

² Interesting from this point of view was the exhibition presented in 1961 at the Museum of Modern Art in New York entitled "ROADS" showing the difference between European and American way of organising urban space. https://www.moma.org/momaorg/shared/pdfs/docs/press_archives/2878/releases/MOMA_1961_0093_91.pdf?2010 [access 21.07.2016].

of living and ways of defining the desired lifestyle among members of the middle class. As Victor Gruen observed, this process involves three main sub-processes:

1. spread;
2. sprawl; and
3. scatterisation.

The metaphor of “spreading” meant covering entire spaces, often of high landscape values, with development often unified but not necessarily matched with local traditions, landscape types, etc. The “sprawl” of a city meant the emergence of unplanned, often chaotic structures “jostling” the city. Urban sprawl has been (and is) closely linked to the development of individual communications, the emergence of hypermarkets and malls on the outskirts and to suburbanisation processes.

“Scatterisation” of urban space was associated with a lack of cohesion, discontinuity of development, and the creation of areas of varying intensity of use, deprived of centres and devoid of characteristic features (Gruen, 1965, p. 63).

The very concept is differently interpreted and defined in the literature regarding the subject, often related to different phenomena. From the point of view of organisation of space, urban sprawl is opposed to the ideal of a “compact city”, but takes on different forms. And so we can talk about spatial “strip development” along roads, “distributed” development lacking co-ordination, and finally about development “jumping” existing barriers. Other definitions of urban sprawl are based on the contrast of multi-functional socio-spatial wholes with mono-functional ones. Finally, urban sprawl can be considered as a step in the way of organising socio-economic processes in space by observing how urban environment changes from very dispersed, disorganised living spaces through more developed areas, where more and more public services, commercial institutions, etc are located, which provide employment, to areas with increasing “density”, with a more complex spatial-social structure, including local centres and jobs (The Scatter Project – Sprawling Cities..., 2005, pp. 7–9).

A compact city is another proposal to solve problems brought by urban sprawl, which was born by seeking better spatial and social solutions to the urbanisation process. The compactness of a city was to be expressed in particular in its physical form, sufficiently focused, so that the residents could meet their needs in a more energy-efficient, environmentally-friendly way by being located near the necessary institutions and services. The followers of the compact city idea emphasise that social cohesion also increases due to this phenomenon. Characteristically, the compact city is also referred to as a neo-traditional city. However, as Michael Neumann observes, in the very essence of a compact city there is a significant paradox: compactness is associated with a greater density of urban planning and with rationality in terms of resource use; however, if a city is to be a livable city, it should be, even partly, more dispersed, leaving some free space that is less heavily developed. Neuman emphasises at the same time that in real cities the characteristic of “friendliness” is not explicitly linked to the way in which space is developed and organised. (Neuman, 2005, pp. 15–17). The absolutisation of only one dimension leads to the false perception of a compact city as a good alternative to a dispersed one.

Uncontrolled urban sprawl has resulted in certain features, such as low population density and low compactness, as well as the lack of important socio-spatial elements, such as central zones or valuable public spaces; it also favoured mono-functionality. The change of development was unstructured and discontinuous, leading to a deepening of spatial chaos. Other urban attributes highlighted by North American authors are the lack of boundaries between the city and suburban areas, the extension of the city beyond the walkable city area, the emergence of a never-ending urban planning area, and spatial, economic and social fragmentation of central parts of the city (Angel. S., Parent, J. & Civco D., 2007, pp. 2–3).

Basically, the pessimistic assessment of this process prevailed; of the process considered to be one of the key drivers of local development.

Some co-occurring factors facilitate the spill-over of the city, including, for example, tax policy. As Bhatta writes, it would be logical for real estate tax and other taxes connected with local development to be higher on the periphery because the costs of developing and building the right infrastructure and the cost of access to public services are higher than in city centres. However, these taxes are usually lower in suburban areas. So developers usually pay only a part of the costs associated with the development of their schemes, which makes development projects seem very inexpensive and encourages further expansion of the city into neighbouring areas (Bhatta, 2010, p. 23).

Critical analyses of urban phenomena were linked to the search for both ways to counter their emergence as well as ways to minimise negative spatial or economic or social effects. Thus the ideas of New Urbanism were shaped roughly in the 1970s; the concept of a compact city, a sustainable city, a liveable city, and the concept of “smart urban growth” were all well-liked at the end of the twentieth century. This last concept is usually understood in terms of following a development policy promoting the desired patterns of urban expansion: high intensity of land use (density of urban development); a shaping of habitable environments where walking and cycling are comfortable; well maintained (protected) green zones; development in which mixed forms of land use is assumed; availability of mass transportation; and reduction of road projects for individual vehicle transportation. Typically, smart growth is perceived as the right (i.e. problem-solving) alternative to urban sprawl. However, on the basis of empirical experience one may point out some basic objections to the assumptions and to the policy of smart growth. The point is that, *inter alia*, the consequence of introducing greater intensity of land use may be a decrease in the value of land and buildings when population density increases, as traffic congestion problems occur in parallel, and the risk of crime increases. The social nature of an area may also change: it is no longer a quiet peripheral area, but becomes a district much

busier and noisier, undergoing processes of (over-) commercialisation (Resnik, pp. 1852–1856.) The visions of the development of a smart city, connected with a concept of smart growth, are also worth mentioning. The smart city concept has gained enormous popularity and is also used in contexts different to the classical understanding, just as many decades ago the term *city garden*³ was misused.

Uncontrolled urban sprawl is considered in American literature as a side effect of urban development legislation, the availability of housing loans, etc, but also as an inevitable stage of urban development (the “Inevitability Theory” of sprawl). Urban sprawl is thus perceived as a natural process resulting from social changes (democratisation, increasing openness of society, cultural pluralism) and economic changes (which are related to, *inter alia*, the increase in prosperity) and at the same time it is unmanageable through administrative decisions (Bruegmann, 2005). As Lewyn recognises, the “Inevitability Theory” of sprawl is difficult to confirm and maintain, because a comparison of the US and European countries shows that different urban policies lead to different spatial and socio-economic effects. In European countries the phenomenon of uncontrolled sprawl is much less common. That can be linked to lifestyle differences, ways of meeting one’s daily needs. Europeans walk and use bicycles or public transport much more than people in North America (Lewyn, 2009, pp. 88–89). Also, the assessment (positive or negative) of space management in different countries depends on historical experience, cultural values, the size of the given country, etc. The approach to urban issues is also related to attitudes towards planning – perceived as necessary for more effective problem solving or as a barrier to the actions dictated by market mechanisms.

³ All these concepts are linked together by the idea of finding the rules of a “well-functioning” city (area). The most important element in all these concepts is to emphasise a holistic approach that embraces many different aspects of the functioning of a city.

The phenomena of amorphous urban sprawl are primarily related to citizens of metropolitan centres, and are related to their behaviour, needs, and value systems. The “location” decisions taken by individuals are most rational, though sometimes not entirely conscious. People whose decisions influence the process of uncontrolled urban sprawl can be divided into several groups: rich city dwellers looking for peace and quiet; young people of the metropolis “working their way up”, looking for housing paid for with a mortgage, cheaper than in the centre but at the same time offering good living conditions for their family; new residents coming from non-urbanised areas, who, in a way “for the beginning”, choose more peripheral locations; and finally, different categories of users (e.g. students, people commuting to work, people using specialised services). All these groups want to use the resources of the metropolis, which, in the longer term, involves the need to free up transportation channels. Uncontrolled urban sprawl has a significant impact on living conditions in the affected areas. Generating social spaces is usually a relatively long process of organising, taming, and conferring meanings and values, but as a result of the intensive expansion of new buildings it may be artificially accelerated, resulting in negative phenomena. This involves in particular the disappearance of the existing “socio-petal” space (conducive to interaction, strengthening of bonds and contacts) and its transformation into “socio-fugal” (societally empty, not defined as “mine” or “ours”) (Hall, 1976, pp. 158–159).

Material and methods

The authors have developed four research hypotheses. The first hypothesis is as follows: the distance of the analysed cities (i.e. Niepołomice, Limanowa and Nowy Targ) from Kraków affects the intensity, character and direction of the relationship with the core city. Second, distance travelled in minutes and dependent on the transport infrastructure is more important than distance measured in kilometres. Third,

the issue of awareness and aspirations of the authorities of the analysed cities regarding the possibility of using Kraków’s resources or limiting the phenomenon of resource drainage is independent of the distance from the core city. Fourth, the authorities of the cities analysed with regard to the conducted policy of socio-economic development do not make full use of the opportunities arising from the city-core-environment relationship.

The research methods are based on basic quantitative analysis of phenomena that can indicate a cause and effect relationship in the context of ongoing analyses of metropolis-functional surrounding interactions. According to the model of potential gravity the phenomenon of development spill-over is naturally less intense as the distance from the core city increases. This thesis will be confirmed by basic quantitative analyses. Secondly, the strategies of urban development (in Limanowa, Niepołomice and Nowy Targ) will also be analysed as the basic and superior documents defining the most important future directions of socio-economic development. The question is asked how far the authorities of analysed cities in their plans take into account, directly or indirectly, Krakow as a place the “gravitational field” of which interacts with certainty with Limanowa, Niepołomice and Nowy Targ and in this case whether a certain attitude (offensive or defensive) should be adopted. Another important element of the empirical part of this article is analysis of relevant literature and legal acts that enable one to describe the specificity of modern Polish urban sprawl.

One of the important observations made on the basis of the above-mentioned theoretical analysis of urban sprawl is that the city-core has an influence on its surroundings. This has its socio-economic and spatial implications in processes that are detached from public administration (spontaneous, dynamic, free-market) and may also be related to local development policies. In terms of natural processes, the authors believe that the relationship between the location of the city-core and the intensity and

nature of socio-economic and spatial phenomena should be investigated. It is likely the areas near the growth pole are privileged. But equally important is the awareness of local authorities of possible problems or additional development opportunities stemming from the relationship between the city-core and the environment. This awareness should be manifested through an orientation of development policy which responds to natural processes, whether positive or negative.

Therefore an analysis of the socio-economic development directions of three cities (i.e. Niepolomice, Limanowa and Nowy Targ) located different distances from the core city (i.e. Kraków) is presented below. The authors took into account in their reflections the direction, nature and strength of Kraków's influence on the regional environment from the point of view of the above-mentioned assumptions, the most important of which is the idea of urban sprawl. In the next part, an attempt was made to evaluate the causes and effects of urban sprawl on the example of the selected cities in Małopolska. In the following empirical analysis only some of the elements described in the theoretical part were considered, due to technical limitations as well as the availability and comparability of the planning documents of the three analysed cities. In view of these constraints it was decided to analyse the basic, most important planning documents (development strategies), whose vision and the strategy goals, set the intentions for the direction of the community's development, and the tools for achieving the social, economic and spatial goals. In these places in strategy papers the authors will look for awareness of the opportunity of using Kraków as a development pole, the potential of which is "spread" to the surrounding area, or Kraków as a perpetrator of "defective" development, the impact of which requires corrective actions. The worst situation would be a lack of awareness of city authorities about how the metropolis affects them.

These cities in Małopolska were selected because this region is characterised by fragmentation of ownership structure. The specific "egoistic"

mentality of narrowing the notion of "common good" to the immediate environment is also significant here. The natural pole of development is Kraków. Cities with relatively similar demographic potential (cities defined as medium-sized), located different distances from Kraków, were selected for analysis of urban sprawl. An important element of the analysis was planning documents defining directions of socio-economic and spatial development. From the research point of view the awareness of Kraków's presence and its strong impact on economic competitiveness and the desire to use that potential for local purposes would be the key. For this reason, the most important parts of the documents were those that indicate the direction of development: the trees of the objectives along with the other elements of projection divisions were analysed.

As an example to check the widespread nature of urban sprawl, the authors decided to analyse the case of Kraków and cities in Małopolskie Voivodship. The regularities of the spatial distribution of the cities of Małopolskie Voivodship were assessed, and to be more precise a question was posed: does the value of the cities' qualitative potential has a decreasing character in relation to the distance from the core city. If it is assumed that a metropolitan area consists of a metropolis and a functionally connected hinterland, one might say that the size of the metropolitan area depends on the metropolitan centre's potential. The bigger it is, the more forcefully it spills onto the environment in the natural process. The task of regional authorities is to strengthen the involuntary process of metropolitan-regional environment interaction, striving for development and increased competitiveness and cohesion of metropolitan areas. The greater the quality potential of a metropolis, according to the theory of gravity potential, the greater the area of positive influence of the metropolis on the surroundings.⁴

⁴ The model of gravitational potential "borrowed" by economists from astronomy relates to the metropolitan centre and its surroundings. The basic assumption is that

The boundaries of functional metropolitan area⁵ are found where the direct connection to the core city ends. How should “direct links” be understood? That is primarily due to the customary (everyday) use of the functional hinterland and metropolitan resources by a significant part of the non-metropolitan society. The endogenic potential of the metropolis and the distance from the core city, or, more precisely, the length of the journey to or from the metropolitan centre, is decisive for the permanent, natural impact of the metropolitan centre. Wherever is the point where it becomes too far to commute to work, school, university or a specialised cultural/health/commercial centre, there lies the border of a functional metropolitan area.

Results and discussion

Urban sprawl in Poland in the 21st century

Urban sprawl is multi-dimensional and requires an interdisciplinary approach. The causes and consequences of this economic, spatial and social phenomenon can be easily identified. Below the authors have analysed the causes and effects of this division. Taking into account the specifics of uncontrolled urban sprawl in Poland, social factors predominate. The dream of having one’s own home with a garden, impossible to realise for many years, makes that the most popular form of housing, although it should be pointed out that in the suburbs we can also find blocks of flats, characteristic of urban space, which is

the metropolis acts positively on its immediate surroundings, but the force and direction of this effect is decreasing in relation to distance. There is an “inflection point” beyond which the metropolis begins to negatively affect the environment by “draining” its potential, particularly human capital.

⁵ A metropolitan area, similarly to region, can be perceived as a territory artificially delimited by an administrative decision, (which was connected with a bill of the “Metropolitan act”) or, functionally, economically delimited by the analysis of the direct connections between a core city and its hinterland.

related to the costs of different types of housing. One of the features of 21st century Poland is the growing social polarisation, the increasing diversity in different spheres of life, starting from the level of affluence, through access to various privileges, to opportunities for a socio-economic position that is adequate to one’s needs. Growing regional differences, especially in the metropolitan-periphery perspective, should also be pointed out. One must also mention cultural differences, including those ethnic and religious. (*Jedna Polska? Dawne i nowe różnicowania społeczne*, 2007). The growing wealthy layers of society seek new opportunities to satisfy their aspirations and, to a certain extent, suburbanisation processes are linked to these new social expectations. For a long period of the People’s Republic of Poland, for many circles the impossibility of deciding on many spheres of their life was so bad that in the new conditions after 1989 the sense of justice became an important element of quality of life, and the pursuit of its achievement was relatively common. This desire also translated into the choice of living environment. There are new lifestyles, often related to health care, physical fitness and social relationships. From this point of view, non-urban or even rural areas have become more attractive, especially since the development of individual motor vehicles and private bus routes; out-of-town housing does not necessarily mean that the use of metropolitan resources is out of the question. In addition, the development of new information technologies has made possible both remote work and extended cultural participation or social interaction without physical presence at a certain place. In this sense, it has become possible to realise the vision of Howard’s garden city, based on the idea of combining the benefits of living in the countryside and in the city within the space of the suburbs. The attractiveness of suburban space was also associated with changes in the functioning of rural areas, which in a sense became “less rural” in a traditional (and even stereotypical) sense (Podedworna, 2006, pp. 227–228).

By observing the kind of entrepreneurial initiatives developed in suburban areas, we can notice a specific “pursuit” of aspirations – a variety of specialised services are created, places to meet needs in a more tailored way. The populations living in these areas are increasingly characterised by high levels of social and intellectual capital, which creates demand for both more specialised opportunities for meeting the needs of leisure and for valuable workplaces requiring high-level skills and competences. This situation assists the transfer of various types of entrepreneurial activity outside the city borders. However, it should be pointed out that real living conditions in suburban areas do not meet these high expectations. It is also connected with the fact that Poland is in a period of “acute crisis” of spatial planning, so it is difficult to perform important tasks: reconciling the interests of different groups of residents and users of different areas and providing a platform for reconciling different developmental, economic, social and environmental goals (Radziejowski, 2002, pp. 20).

When pointing to the economic dimension of urban sprawl, the limited understanding of the issue of territorial competitiveness by local government units should be emphasised. Territorial authorities rarely plan development in an integrated, networked way, i.e. one that counts on the synergy effect. Competitiveness, literally, in the case of local development means in practice neighbouring communities “snatching potential from each other”, which, in turn, creates extremely favourable conditions for attracting more residents and entrepreneurs. In such a case, municipalities become, in some ways, the partners of the developers and the residents who build houses, the construction of which, due to the lack of complex solutions, often leads to the devastation of landscape and a reduction of the functional potential of an area.

Entrepreneurship is the driving force behind local development. Human and cultural resources, adaptive infrastructure of a certain quality, the supply of knowledge and innovation, the quality

of public services, the state of the environment, the quality and accessibility of space, and the state of public finances are prerequisites for its development. It is obvious that these phenomena are interdependent and create, favourable or unfavourable, conditioning syndromes. On the other hand, the outflow of businesses and people outside city borders means less income from income tax and corporate income tax to the municipal treasury. In addition, the outflow of companies works, in a certain way, as a “snowball” effect, i.e. with informed decisions being made under the influence of competition decisions – location of similar, competitive companies in one place due to the prestige of the place.

The threat to metropolitan centres slows down the development of local economies for a variety of reasons: people living in metropolitan areas are less likely to use the resources of the centre connected with the sphere of services, especially the basic ones. A space for services is developed on the periphery of cities to serve the residents of a functional environment. It is also possible for unemployment for increase in core cities due to the fact that companies which move outside of those cities are more likely to hire people from peripheral areas, who live closer to such workplaces and have lower financial expectations. The problem is the scale of the phenomenon, which can cause disturbances in the structure of a labour market. This in turn will have influence on the economic and social potential of the city.

Investment opportunities for Polish developers exceed the boundaries of single plots and enter larger areas. The market – including the housing market – is increasingly demanding. Twenty percent of the price of an apartment is derived from the attractiveness of the view from the window. There is a growing group of potential customers who can afford better homes and no longer want to do everything by themselves. They want to “get in on the act” but not to think about where to obtain water and electricity from. They do not want to think about snow removal or septic tanks. They are looking for an offer featuring not only

an apartment or a house with a garden, but also proximity to services, attractive public space, and greenery that encourages recreation. They are increasingly demanding ecological certificates for buildings and land development and guarantees that neither a junkyard nor an incinerator will be built in the neighbourhood next year. Responding to new demands, developers need to go out on the market with these complex offers. There is growing awareness among them about the role of a local plan. They are looking for areas where a plan is in force and not – as in the past – for places where there is no plan yet; to date, with the land development conditions in hand, one could build whatever one wanted. So, just like about a hundred years ago in New York,⁶ now developers are starting to demand planning from local governments.

Negative consequences of amorphic urban sprawl in Poland

Amorphous urban sprawl creates and strengthens various spatial, economic and social dysfunctions. They are interrelated and create self-aggravating syndromes of unfavourable features characterising socio-spatial wholes. They can cause maldevelopment (bad, defective development) in all three areas (in the economy, social life and urban space).

The effects of unco-ordinated development around cities, considered in spatial terms, are manifested by lowering the investment accessibility of suburban areas. This is a paradox, because on the one hand there is a growing number of access roads and more technical infrastructure piped to dispersed buildings, but at the same time the texture of this network is so finely grained that it blocks or limits the opportunities for delimiting corridors for large linear investments (main roads, expressways and motorways). For the same reasons,

planning locations for investments of strategic importance to a city (e.g. airports, technology parks and photovoltaic power stations) is limited. In addition to these direct negative consequences, the attractiveness, and thus the price, of land impaired by urban sprawl also falls. That is due to the change in passive exposure, the “view from the window”, and is particularly noticeable in areas of exceptional landscapes, e.g. on the edge of legally protected areas such as national parks and landscape parks. The widening of the disharmonious landscape and undesirable views, as a result of unco-ordinated development, is usually accompanied by increased air and acoustic pollution.

Because of the above-mentioned attitudes towards space, and especially the lack of sense of its value, the practice of wasteful spatial resource management (in terms of size, attractiveness and accessibility) has spread in Poland. As a result, this has led to low quality urban environments that are unable to cope with competition (Kochanowska & Kochanowski, 2000, pp. 50–51). New urban areas are created rather by accidental and not as a result of a long-term social policy, but rather as a result of the interplay between the interests of different actors, often without adequate infrastructural facilities and without field reserves (Lisowski & Grochowski, 2008, p. 250).

In the economic sense, urban sprawl is induced and strengthened by the process of metropolisation, so it is primarily concerned with economically strong cities and their functional areas. Metropolisation leads to polarisation of global spaces and the creation of places more or less privileged in terms of development opportunities. Contemporary metropolitan centres are defined by the prism of qualitative criteria, thus indicating the presence of higher order functions contributing to development. Metropolitan centres have the capacity to autonomously produce quality potential. The generated potential from different areas first meets the needs of the local market, but is rarely consumed by the entire metropolis itself. What is referred to as a surplus of potential arise, which is exchanged with other similar centres.

⁶ In 1916, at the initiative of merchants from Fifth Avenue, the New York City zoning plan was introduced for the first time, which meant the zoning of development.

This mechanism promotes direct metropolis-to-metropolis connections. The transportation channels make metropolises “hubs” for the flow of goods, services, information, capital, and people. However, even if it is not the intention of the city authorities to develop their surroundings, there is an involuntary and spontaneous diffusion of qualitative potential and increased importance of metropolitan areas. In the literature on this subject one can find various opinions on the issue of the future importance of metropolitan areas. There are two main approaches based on concepts of territorial development. In one of them the metropolitan area loses its importance with the simultaneous dynamic development of metropolitan centres, and in the other approach metropolitan areas will harmonise relationships with metropolitan centres.

Metropolitan centres are less interested in cooperating with their surroundings, as the surroundings cannot offer a metropolis any valuable objects in exchange, and the intensive process of exchange of goods, services, financial capital, information and/or people takes place between two similar, high-ranked entities. In many cases the constant, the natural impact of the metropolitan centre on the environment, determines the distance from the core city, or, more precisely, the time it takes to reach the metropolitan centre. To date this impact has been associated with revitalising the immediate metropolitan surroundings (functional surroundings) or the drainage of the potential from peripheral areas of the regions.

Urban sprawl stems, from spatial and market processes as well as from controllable operations, primarily involving the creation of conditions by metropolitan municipalities to attract external capital. What is equally important is that the decisions taken by subjects (entities) on leaving a metropolis and functioning in the wider metropolitan area can be both conscious, rational, market character as well as of unconscious and non-market character. It depends on the motives for making decisions on moving to the metropolis. Incentives and expectations are, in turn, related to the characteristics of entities and individuals who decide to change

their place of residence or investing. The most aware and rational, of course, are companies, whose businesses consists of the biggest simplification of maximising financial benefits and minimising costs. It can therefore be concluded that the rational actions of companies are a field to demonstrate the dexterity and creativity of municipalities located around a core city. From a certain point of view, it is about reducing operating costs, but it is important that this does not take place at the expense of the quality of the manufactured goods or services provided, as well as the limitation of the activity from the point of view of production capacity and access to external markets. Therefore, rural communities compete with each other, creating conditions for attracting external capital.

However, there is a dilemma associated with the development strategies adopted by municipalities. On the one hand, it is about the answer to the question of whether local authorities are aware of the dangers that may be the results of actions based on apparently rational premises such as “facilitating investment”, “cutting red tape”, “cutting down on chronic procedures” and “the need to construct housing” (Wyganowski, 2012).

As a result of a lack of planning, unclear law and existing legal loopholes, the existence of strong pressure groups, these (by the way sensible) goals cannot be achieved and the actions taken are counterproductive, as they result in hindrances to investment and threats to the financial stability of communities due to the enormous burden connected with the engagement of absurdly large areas for investment purposes (Raport o ekonomicznych stratach i społecznych kosztach..., 2013).

In the context of considering the effects of uncontrolled urban sprawl, other problems related to the functioning of public administration should also be pointed out. First and foremost, there is a lack of clear and effective channels of communication between different levels of management and decision-making bodies. This is one of the reasons for the lack of ability to co-ordinate planning activities and to analyse the reasons for decision-

making, and the various elements that contribute to effective implementation of such.

As well as the lack of a “vertical” co-ordination, there is also the problem of working out and applying methods for reconciling at least three types of planning which occurring at the level of municipalities, i.e. socio-economic development, spatial planning and financial planning. Each of these planning processes has its assumptions, its own priorities, its own time perspective and a certain “end product” (in the form of strategic plans, studies of conditions and directions of spatial development, together with spatial planning and budgets, and a multi-annual financial projection) containing a certain intentions with reference to the desired directions of development. In the model approach, the strategic plan should be the core document setting out the goals, and the two other documents should refer to it. If, by convention, the strategic plan answers the question “What?” (and at least partially “How?”), the spatial development plan answers the question “Where?” and the budget and financial plan answers the questions “For how much?” and “From where to get it?”. Unfortunately, in practice, these documents are drawn up by specialists in different fields, using different languages and guided by different rules and procedures. It is rare for these documents to be created in a dialogue. What is more, it is not just about different rules stemming from the specifics of the given institution, or the procedures of the institutions in which the above-mentioned documents are produced. Other elements of organisational culture are also important, such as the hierarchy of values, focusing on dialogue or confrontation, the perception of the importance and urgency of certain individual and collective needs. These irregularities in development planning processes are results of essentially two reasons: the lack of social bridging capital⁷ of entities

⁷ Social bridging capital is understood here as a resource of norms, values, connections, etc, enabling co-operation between different types of entities, using different procedures, ways of operating, defining efficiency in different ways, etc.

drawing up the above-mentioned documents and from insufficient fulfilment of the role of a co-ordinator (sometimes a mediator, an arbitrator and/or a manager) by the executive body, which stems from various reasons (lack of willpower, lack of competence, lack of awareness, etc).

Similarly, in the ways of perceiving social life, defining a well-functioning spatio-social entity, or adopting a certain vision of a human being as a social actor, his/her needs and aspirations (decision-making), there is no awareness of the specific social positioning of that active entity. Indeed, by making choices, by accepting certain criteria, by fulfilling their own needs, when entering into social interactions people are influenced not only by their immediate socio-spatial environment but also by many different structures, wider and narrower socio-cultural circles, which play different social roles. These and other determinants should be taken into account both at the spatial and socio-economic planning levels and at the level of decision-making and implementation.

Synthetic characterisation of the development potential of Niepołomice, Nowy Targ and Limanowa

The three analysed cities differ in population, the largest, Nowy Targ, has 32,658 residents, Limanowa 15,078, and Niepołomice 10,985 (all data given here is for 2014). The most favourable demographic trends are found in Niepołomice: constant population growth, and growth in the working age population. It is important to note the changes in the social situations of the three cities, with the old age index showing the ratio between the number of elderly people and the number of children and adolescents: the higher the value of this index, the greater the prevalence of people of post-working age. The analysed cities of Malopolskie Voivodship have different values of this index (see fig. 1). Its level reflects the processes taking place in individual cities – the favourable age structure in Niepołomice is due to the significant influx of new residents,

including from Kraków, and the presence of new developments, which is attractive to potential residents. Niepołomice is also an attractive place for families, due to the policies of the city authorities. Niepołomice is greatly appreciated by its inhabitants, both as a “child friendly city” and “old age friendly”.⁸ In turn, the slightly worse, but against the background of the entire province relatively favourable, situations of Limanowa and Nowy Targ are the result of less advanced outflow of inhabitants and preservation of traditional family patterns.

Regarding the indicators of natural movement of population in the three cities, it is worth noting the extremely favourable situation of Niepołomice (Table 1) in terms of migration balance.

Niepołomice has an inflow of residents which is higher than its outflow, hence it is one of the few cities in Poland that successfully handles the demographic crisis, by attracting new residents. It is also important to note to what extent the analysed cities can be permanently assigned to a particular type of migration. Based on data from the period 1999–2008 we categorise Niepołomice as an immigrant city, while Limanowa and Nowy Targ are among the cities which in this period have less and less inhabitants. (Zborowski, Chaberko, Grad, Gałka & Kretowicz, 2010, p. 62).

Changes in labour market are interesting in the context of predicting development processes in these three cities. The labour market in Niepołomice looks the best, especially due to the growth of the number of working people (Table 2).

The future of the three analysed cities is conditioned by many factors, including those of a socio-cultural character (as well as economic and spatial ones). The assumptions of urban policy are essential, which, however, as can be seen in the National Urban Policy (*Krajowa Polityka Miejska*), concentrate rather on large cities. With regard to proposed activities smaller cities lack both ideas and the concept of using the various resources which exist and which can be generated. As far as social and cultural factors are concerned, we point to certain dangers arising from demographic processes. Only Niepołomice is coping with unfavourable trends, remaining a destination city developing new employment opportunities that attracts young people. Both Limanowa and Nowy Targ have had the status of outflow cities over the last ten years, while their labour markets are stagnant.

Table 1. Natural change in population in 2015

City	Population number	Live births	Deaths	Overall birth rate	Overall migration balance
Limanowa	15,078	167	135	32	-82
Nowy Targ	33,598	300	271	29	-74
Niepołomice (urban/rural municipality)	26,124	299	215	84	+435*

* It is worth noting that, due to the migration balance, Niepołomice takes 1st place in the powiat, and 2nd in the voivodship, while Limanowa is in 12th place in the powiat and 177th in the voivodship and Nowy Targ is in 11th and 143rd.

Source: *Statystyczne Vademecum Samorządowca, Limanowa, Niepołomice, Nowy Targ, Central Statistical Office of Poland, Kraków, 2015.*

⁸ Uwarunkowania i potencjały rozwoju miasta na przykładzie Niepołomic. Raport z badań statutowych 145/KSoc/1/2011/S/624 under supervision of Anna Karwińska, typescript, the Main Library of Kraków University of Economics.

Table 2. Changes in labour market in the selected cities, 1999–2008

City	Size class of the city in 2008	Number of working people in 2008 (in thousands)	Changes in the number of working people (1999–2008)	Dynamic of change in the number of working people (1999 = 100)	Change in the number of working people per 100 people aged 17–65
Limanowa	5–20	8.3	–3	100	0
Niepołomice	5–20	6.0	+1,930	148	+32
Nowy Targ	20–50	14.2	–96	99	0

Source: (Andrzej Zborowski, Tomasz Chaberko, Nina Grad, Jadwiga Gałka, Paweł Kretowicz (2010), *Struktury i trendy demograficzne oraz kapitał ludzki i aktywność społeczna*, p. 87 available at: http://www.politykarozwoju.obserwatoria.malopolska.pl/Files.mvc/196/1_Struktury_i_trendy_demograficzne_oraz_kapita%C5%82_ludzki_i_aktywno%C5%9B%C4%87_spo%C5%82eczna.pdf.

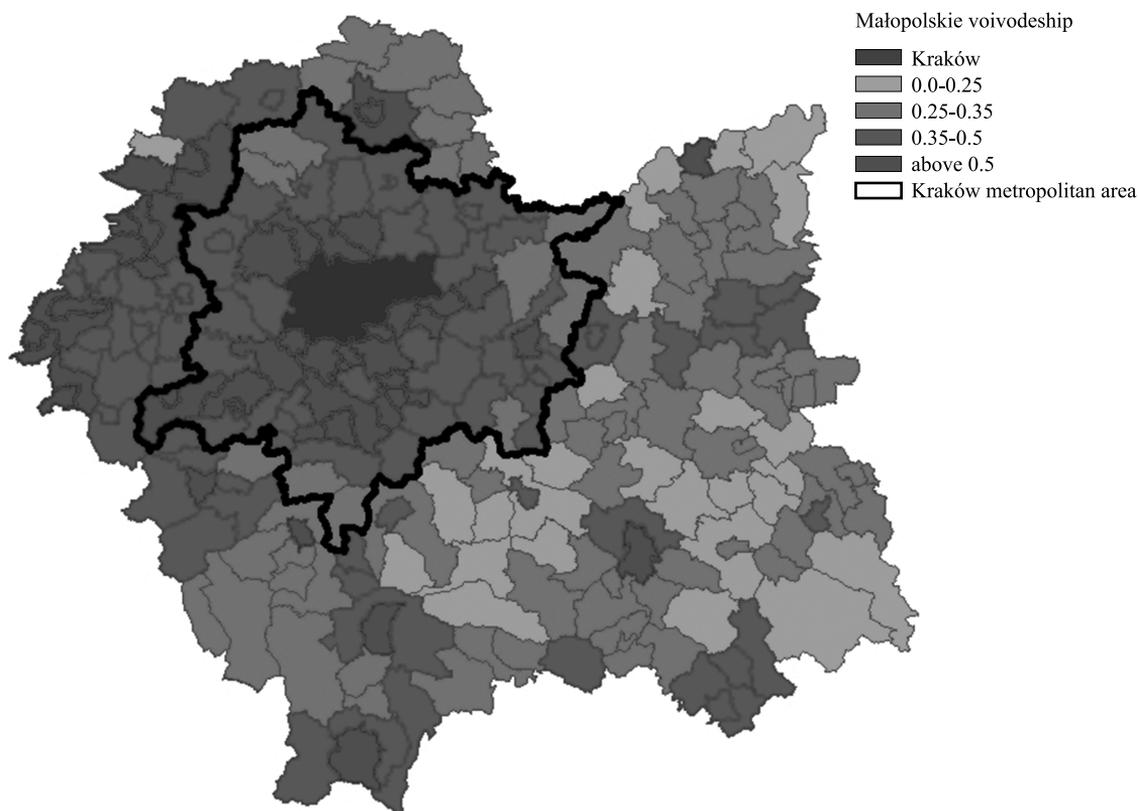


Figure 1. Spatial distribution of the development of the Małopolska Voivodship

Source: own elaboration.

Figure 1 shows points for each of the municipalities of the Małopolska Voivodship, illustrating the relationship between the distance and the values of economic potential indicators (the darker the colour, the higher the economic potential). As can be seen from the above image, the municipalities neighbouring Kraków enjoy above-average interest from potential residents. Considering the synthetic indicator of economic development, it can be said that functional metropolitan area should be the primary category when thinking about development. Moreover, an integral part of this process is the creation of integrated development plans. There are also other regularities: distribution of potential along high-speed transport links (the A4 motorway and the E7 road) and differences in economic potential between the eastern and western parts of the Małopolskie Voivodship, which can be explained by historic factors.

The set-up of relationships of cities located in a metropolitan area is a result of infrastructure conditions (transportation links), of the inner potential of the core city (the greater the competitiveness of the metropolis, the greater the attraction), and of local authorities' awareness of their potential (of the presence of the metropolis) and of the tendency to exploit this advantage. The city of Limanowa is located about 60 km from Kraków, while Niepołomice is 34 km from Kraków. However, the important factor is the time needed to get to the core city, which from Limanowa is about 70 minutes (on average), while in the case of Niepołomice it is about 30 minutes. Nowy Targ is located 87 km from Kraków and the journey there takes an average of 85 minutes.

Directions of socio-economic and spatial growth in view of local policies

The directions of the socio-economic growth of the analysed cities are reflected in the vision and in the tree of objectives of the development strategy, and these very elements were analysed by the authors in terms of direct traces of an informed attempt to use the resources of Kraków for the own

purposes of such cities and possibly indirectly analysing the consequences of the implementation of strategy for the relationship with Kraków and the intensification or disappearance of phenomena caused by the presence of the core city.

When analysing the directions of socio-economic development of the city and municipality of Niepołomice attention should be paid to the focus on activities for economic development. Niepołomice is aware of its favourable location in relation to the metropolitan centre, which generates growth potential. This potential, according to the theory of diffusion of innovation and sprawl of development, inevitably contributes to the metropolitan environment. In addition to the awareness of local authorities of municipalities located around the metropolis of Kraków, there is a need to exploit their potential. That can be done through the development of local legislation, effective and active development policies using exogenous potential. Niepołomice, through its implemented policy of supporting entrepreneurship and tourism, uses the development resources of Kraków for that purpose, even if the intention of the authorities of the city of Kraków is not to support the socio-economic development of Niepołomice. Attracting investors to Niepołomice involves the creation of certain conditions, i.e. the provision of adequate human resources, supply of knowledge, a market for manufactured goods and services, etc. These activities are carried out in a systematic way, by creating an investment offering, providing professional service to investors by providing high quality public services for both large enterprises and SMEs, as well as creating a friendly climate and a city brand that fosters entrepreneurship. Niepołomice also competes effectively with Kraków for a different kind of resources: residents who constitute a tax base and labour resources. Niepołomice is working to increase the appeal of its location and image, in order to become a friendly, secure and compact city. Therefore for a long time Niepołomice has had a positive migration balance, while a number of residents of Kraków has been constant.

Table 3. Analysis of socio-economic development stemming from the development strategies of Limanowa, Niepołomice and Nowy Targ in the context of the urban sprawl phenomenon

	“Pro-sprawl” provisions	“Anti-sprawl” provisions	Relationship with Kraków
Development strategy of Limanowa for the years 2014 to 2020	1.4. Further “opening” of the city to its residents, making unused potentials and space available.	Operational goal 1: Ordering the functionality of public, economic and environmental spaces. 2.1. Diagnosing the connections between local government units of the surroundings of Limanowa. 2.4. Establishing a Limanowa Functional Centre partnership 2.4. Establishing a high quality transport and traffic management system inside and outside the city.	Goal: Limanowa as a tourist product strengthening the Małopolska brand. 2.1 Supporting the construction of a fast railway from Kraków to Limanowa to the southern national border.
Development strategy of Niepołomice city and municipality	-	1.3. Caring for a secure economic space in the Niepołomice Investment Zone. II.2. Providing high quality space for local trade and services. IV.1. Improvement of the public transport system in the municipality.	Creation of mechanisms for inter-institutional co-operation in order to streamline the investment process in the municipality between municipal self-government and Wieliczka powiat, road management boards, companies providing media to the municipality, and Kraków Technology Park. IV.4. Increasing the accessibility of the Kraków Metropolitan Area. Key tasks: 1 / conducting a campaign for the creation of a fast agglomeration railway covering the area of the Niepołomice municipality (agglomeration ticket); 2 / concentration of activities aimed at establishing the location of the A4 motorway junction in Podłęże (until 2015).
Development strategy of Nowy Targ for the years 2012 to 2020	I.2. Development of individual entrepreneurship. III.3. Initiating and supporting activities for the development of housing.	III.2. Improvement of the environment.	

Source: own study based on the development strategies of Limanowa, Niepołomice and Nowy Targ.

When analysing the content of the socio-economic development strategy of Limanowa we do not see any attempt to use Kraków for the purposes of Limanowa. This may mean the performance of development activities based on internal potential, which in principle is limited:

Limanowa is a relatively small city with no capacity for self-generating potential, weakened by the migration of young people who cannot use, as residents of Limanowa, the resources of Kraków regularly (certainly not every day). In general, this results in people leaving the smaller city

in favour of the metropolis, leading to the widening of the gap. So, if we talk about urban sprawl in the case of Limanowa, we usually refer to resources that do not have to use the resources of Kraków. The case is similar with Nowy Targ, which, although located further away, maintains a similar relationship with Kraków as the above-discussed Limanowa.

Essentially, the development strategy of the City of Nowy Targ does not mention the need to use Kraków's resources for the own purposes of Nowy Targ. It can therefore be stated that the functional area of Kraków is not a regular circle, but it is stretched along the traffic routes (the east-west A4 motorway, the expressway section of national road E7 and suburban railway connections), and the degree of eluviation of potential depends to a certain extent on natural and spontaneous processes, supported by the activities of local government.

Analysing the development visions and the tree of objectives of the three analysed cities which are different distances from Kraków, it is important to note that Niepołomice's authorities are aware that Kraków is a growth pole, which, according to the theory of diffusion of innovation, can contribute to raising the socio-economic indicators of Niepołomice. There is also an attempt to use the city's privileged position in relation to Kraków and to exploit this potential advantage for Niepołomice's own economic purposes. The analogy of thinking in the case of Limanowa and Nowy Targ is less similar. What is worth pointing out is that in the strategic documents referred to there are no signs of defensive behaviour, which consists mainly of limiting Kraków's unfavourable influence on Limanowa and Nowy Targ. It is therefore possible to conclude that there is no awareness of the nature of Kraków's influence on its slightly further surroundings, and consequently, a lack of any tendency to overcome the unfavourable direction and power of this relationship. There is no way to find any direct reference to the socio-economic resources of Kraków. Probably the authorities of Limanowa and Nowy Targ see at

most the indirect, complementary role of Kraków in building the competitive advantages of their cities. Adopting such an assumption leads to two phenomena: passivity of local public authorities, incapable, in their opinion, of attracting potential from the growth pole; and the chaotic filling of the spatial space with spontaneous developments. These are the consequences of the lack of a coherent spatial policy, as well as of the appropriate policy for the socio-economic development of the given municipality. The activities of the residents of these municipalities are governed by short-sighted opportunism, the effects of which will be felt in the financial and spatial sense for many years before the Dutch or Japanese model is formed, where spatial policy is not dominated by accident, chaos and a lack of a coherent long-term plan. Urban sprawl is a spontaneous process, destructively affecting the morphological and functional structure of municipalities even if the quality of life of individual entities improves as a result of this phenomenon.

Conclusions

Referring to the hypotheses indicated in the methodical part of this article, it should be noted that case of Kraków and the Małopolska region confirms the theoretical assumptions: the distance of the analysed cities from Kraków affects the intensity, character and direction of the relationship with the core city and it is matter mainly of distance counted in time, because society subordinates a permanent relationship with a given place to the time which should be expended to get to the core city and back again every day, and such time is considered to be lost from the economic point of view. It is possible to live far away from Kraków and have an effective transport connection, so distance counted in kilometres has a secondary character.

Attempts to use the resources of Kraków are visible in the strategy of Niepołomice, but in the cases of Limanowa and Nowy Targ only in a very limited way. The relevant documents do

not talk about the phenomenon of urban sprawl and even do not mention it. It is also evident that the vectors of Kraków's impact on these three cities are reversing: metropolis, instead of sharing its resources with other suburban areas, begins to drain them – if the municipalities are located too far from the metropolis (what we count calculating the time of travel, not kilometers). The impact of Kraków is positive for Niepołomice (the authorities there are trying to use the resources of Kraków for the own purposes of Niepołomice), almost neutral for Limanowa (however, the outflow of younger age people from there to Kraków is having negative impact) and unequivocally negative for Nowy Targ. These conclusions also enable one to make more general observations related to Polish urban sprawl.

The characteristic features of Polish urban sprawl are: bad law in spatial planning; the superiority of ownership over local law; the historical mentality of society consisting of total freedom in the sphere of landscaping; the dependence of municipal authorities in defining spatial development directions as defined in local spatial development plans; and “sprawling” spatial arrangement favouring the rise of urban sprawl.

The authors set out a set of remedies below that could create controlled urban sprawl in Poland. However, one needs to seek systemic solutions to counter the uncontrolled growth of suburban space. In view of the growing problem of urban sprawl in Poland, there is a need to develop conceptual tools for central and local public administration in the field of urban sprawl and transition to a “smart sprawl”, that is, consequently, to the “compact city” and the crystallisation of settlements. Managing the problem of uncontrolled urban sprawl is fundamental to local and regional development policies. This is one of the main problems regarding inefficient spatial planning and financial management, which certainly affects the quality of the socio-economic potential of cities. The most important remedies for the phenomenon of urban sprawl in Poland are, in the authors' opinion, the following.

Clarification of applicable law

This is the first, basic requirement that is essential. Introducing more restrictive provisions that will prevent impermissible construction, as one can call decision-making at the request of developers to build housing estates, apartment buildings, shopping centres and services in places in which they devastate the landscape, disrupting the morphological structure and exposing the municipal budget to unnecessary expenses.

Changing social mentality

Activities in this area should primarily involve building social spaces of a “socio-petal” nature (conducive to the formation of dialogue, social bonds and other elements of social capital) in a harmonised, symmetrical manner, effectively utilising the available space, leaving no “empty fields” which are left without a functional role. It is also about the development of social attitudes, reflecting the awareness of consequences of putting private interests before the public good. Although local government administration should be the initiator of this activity, as we mention in the next section, the residents of the city and suburban areas should identify themselves with the public space as well as contribute to the morphological fabric of the city or the suburbs. Residents must feel and be real hosts of the given municipality's territory, not just own property. This, of course, requires the strengthening of civic education processes, including the responsibility for the space used, the sense of connection with the place of residence, work, etc. Similarly, developers building housing estates should also take on the role of host of those places.

Counteracting passivity in the activities of local administration

The point here is for local authorities to see the pros and cons resulting from the increasing number of resident of individual municipalities

besides larger tax revenues; this means the need to involve more financial resources for the performance of the municipality's own tasks, as well as the cost of utilities, which, inter alia, include the cost of building municipal infrastructure. It is more difficult to accept, however, the silent acceptance of the devastation of the landscape and the emergence of "vacancies" due to lack of internal regulations that counteract the chaotic actions of developers. As a result, we have to deal with inefficient spatial management. Moreover, another problem of the development of Polish metropolitan centres is the "narcissistic" attitude of the city authorities, which is, in fact, a certain way of thinking, glorifying their own material and non-material resources and non-objectively assessing own actions to create conditions for the development of socio-economic potential.

Counteracting incorrectly understood territorial competitiveness

Basing on the considerations in the preceding paragraph, one may produce yet another reflection: there is a need for integrated territorial management, taking into account the interests of an area larger than a municipality, which will cut competitive behaviour consisting in "snatching" potential from one another and creating more and more liberal solutions to attract new companies and residents without an analysis of economic, spatial and social consequences for the municipality. Particularly desirable are integrated activities of a core city and the municipalities forming its functional area.

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Csaba Makó, Miklós Illéssy, András Borbély

Diverging workplace innovation trajectories in the European public sector (a preliminary cross-country comparison)

Abstract

Objectives: The core aim of this paper is to improve our knowledge base on the innovation process comparing how public and private organisations can develop abilities to innovate in order to cope with the challenges created by the changing priorities of the political market, the intensification of global competition and the higher speed of the technological changes. The authors intend to identify and compare the creative/learning capabilities of the workplaces in the EU-27 countries.

Research Design & Methods: In testing empirically the various types of jobs our analysis uses the data sets of the fourth (2005), fifth (2010) and sixth (2015) waves of the European Working Conditions Survey (EWCS). The EWCS is a cross-sectional survey taken in every five years since 1990, organised by the European Foundation for the Improvement of Living and Working Conditions (Eurofound, Dublin). The recent editions of this survey cover more than 40,000 workers in the EU member states and in various other European countries (Eurofound, 2017). We used a cluster analysis in order to identify three clusters of jobs in Europe and their prevalence in different countries and country groups.

Findings: The data from the European Working Condition Surveys (2005, 2010 and 2015) shows that in the public administration boosts creative workplaces in all countries. The ability of organisations to mobilise their internal resources into efficient and dynamic routines depends on intangible resources (e.g. creativity) and less on such traditional tangible factors such as physical or financial sources. Powering public sector innovation is inhibited by the following major factors: unfavourable institutional settings; weak innovation leadership; lack of systematic knowledge of the innovation process; and a shortage of the systematic data collection at both the EU and Member State levels.

Implications & Recommendations: The increasing rate of creative jobs may speed up the implementation of the “High-Engagement Civil Services” to improve both efficiency and quality of work in the public sector. A more profound and evidence-based understanding of the innovation processes at the workplace level would allow us to exploit the full potential thereof in terms of positive impacts on both employment and job quality.

Contribution & Value Added: Despite the fact that innovation studies have been at the heart of socio-economic research for decades now, relatively little attention has been paid on innovation in the public sector. This research topic has

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gained more importance only in the 2010s and thus there is often a lack of empirical evidence for this sector, which plays a crucial role in all developed economies as a major employer as well as the main actor shaping the regulatory environment. This article is among the first attempts aimed at giving insights into the job characteristics of public sector organisations.

Keywords: innovation, private/public sector, work organisation, creativity, learning organisations

Article Classification: Research article

JEL classification: O30, O52

Innovation in the public sector: Theoretical and methodological foundations¹

After the second World War, until the end of 1970s, the mainstream international innovation surveys focused and collected data on research and development (R&D) activities in the private sector. These analyses were able to describe the innovation potential of mainly manufacturing (and other industrial) firms operating in the private sector, while the innovation activity of the service sector and, in particular, the organisations of public administration were omitted. The report of the expert group of the European Commission indicated "... that public sector innovation today mostly happens through unco-ordinated initiatives rather than as a result of deliberate, strategic efforts. The quest for more and better public sector innovation is hindered by several barriers, which fall into four major categories: weak enabling factors or unfavourable framework conditions, lack of innovation leadership at all levels, limited knowledge and application of innovation processes and methods, and insufficiently precise and systematic use of measurement and data." (European Commission, 2013, p. 5)

After more than a decade of preparation, the OECD started pilot studies on innovation –

in the private and manufacturing sectors – in the Nordic countries. The lessons from those surveys were summarised in the Oslo Manual (1992). That manual served as a theoretical and methodological guideline for the various waves of the Community Innovation Surveys (CIS), which are carried out by the National Statistical Offices (NSO) within the European Union. The first edition of Oslo Manual essentially aimed at measuring or mapping not only the R&D activities in their strict sense but the diffusion of technological (product + process) innovation as well. In this regard it is worth mentioning that the original questionnaire elaborated in the first edition of the manual and used in the following surveys was not able to measure innovation in the rapidly growing service sector. The modified version of the questionnaire published in the second edition of the Oslo Manual (1997) is suitable for measuring innovation in both manufacturing and the service sector. However, only the third edition of this Manual (2005) covers such types of non-technological innovations as marketing or new business and organisational practices. According to this Manual "... innovation represents a new or significantly developed product (services) or process, new marketing methods, or the implementation of the new management-organisational methods in the business or workplace practices and in the external relations of the organisation." (Szunyogh, 2010, p. 494)

There is a rather new research agenda which has the ambition of comparing and identifying the similarities and differences of organisational innovation characterising the private and the public

¹ This paper has been written with the support and within the framework of: KÖFOP 2.1.2 – VEKOP – 15–2016–00001 Public Service Development for Establishing Good Governance: Innovative. Learning Public Administration – Ludovika Research Centre of Excellence.

sectors. Following Hollanders et al. (2013), Table 1 compares the characteristics of innovation in the private and the public sectors. The table indicates well both similarities and differences of innovation activities in the two sectors. For example, similarities are dominating in the fields of process and organisational innovation. However, service innovation instead of product innovation and communication innovation instead of market innovation characterise the public sector in comparison with the private sector. In the innovation management literature the following definition of service innovation is used widely: “Service innovation is a new service or such a renewal of an existing service which is put into practice and which provides benefit to the organisation that has developed it: the benefit usually derives from the added value that the renewal provides the customers ... A service innovation process is the process through which the renewals described are achieved.” (Saari & Lehtonen, 2015, p. 4)

Table 1. Differences between Private and Public Sector Innovation

Private sector	Public sector
Product innovation	Service innovation
Process innovation	Process innovation
Organisational innovation	Organisational innovation
Marketing innovation	Communication innovation

Source: EPSIS (Hollanders et al., 2013, p. 9).

Methodology: How can we measure creative and innovative capability at the workplace?

In testing empirically the various types of work our analysis uses the data sets of the fourth (2005), fifth (2010) and sixth (2015) waves of the European Working Conditions Survey (EWCS).² The

² The EWCS is a cross-sectional survey taken in every five years since 1990 organised by the European Foundation for the Improvement of Living and Working Conditions

methods used are based on the work of Lorenz and Lundvall (2011), who analysed the fourth wave of the European Working Conditions Survey and distinguished between three types of employees according to the dimensions of cognitive demands of work and employees’ autonomy. These three groups are “creative workers”, “constrained problem-solvers” and “Taylorised workers”. The methodological background of these groups will be presented in detail later in this section.

In our study we focus on salaried employees working in organisations with at least 10 employees in non-agricultural sectors such as industry, service and public administration, excluding education, health and social work, household activities, agriculture, and fishing.³ The sample examined consists of 11,661 salaried employees in the case of the fourth wave (2005), 14,192 in the fifth wave (2010), and 14,425 in the sixth wave (2015). Not only the sampling procedure but also our method to group the sectors of the statistical nomenclature are consistent with Lorenz & Lundvall’s 2011 work (see our groups in Table 2 below).

In order to identify the main differences between EU countries, we distinguished between five country-groups on the basis of their institutional settings (i.e. welfare system, labour market regulation, labour relations system, etc). Our typology is analogous to country groupings used in comprehensive institutional studies (e.g. Hall & Soskice, 2001), as well as organisational studies using the same database (Parent-Thirion et al., 2007; Valeyre et al., 2009; Gallie & Zhou, 2013). In this perspective, we distinguished between “Scandinavian”, “Anglo-Saxon”, “Continental”, “Mediterranean” and “Central and Eastern European (CEE)” country clusters (see Table 3). In order to

(Eurofound, Dublin). The recent waves of this survey cover more than 40,000 workers in the EU member states and in various other European countries (Eurofound, 2017).

³ The EWCS uses the NACE (Nomenclature Statistique des Activités Économiques dans la Communauté Européenne) industry standard classification system (its Hungarian equivalent is the TEÁOR system). In order to achieve data interoperability, we used NACE version 1.1.

Table 2. Summary of NACE sectors, codes and the sector groups used in this paper

Sector group	Code	Economical activities
Manufacturing, construction, utilities	C	Mining and quarrying
	D	Manufacturing
	E	Electricity, gas and water supply
	F	Construction
Retail and other services	G	Wholesale and retail trade, repair
	H	Hotels and restaurants
	I	Transport, storage and communication
Business and financial services	J	Financial intermediation
	K	Real estate, renting and business activities
Public administration	L	Public administration and defence; compulsory social security
Community, social and personal services*	O	Other community, social and personal service activities
	Q	Extra-territorial organisations and bodies
<i>Excluded sectors</i>	A	Agriculture, hunting and forestry
	B	Fishing
	M	Education
	N	Health and social work
	P	Activities of households

* We did not indicate a “Community, social and personal services” group in our sector level tables; however, we have included it in the aggregate results.

Source: own compilation following the work of Lorenz & Lundvall (2011)

Table 3. Summary table of countries and country groups used in this paper

Country group	Country
I. EU-15 (old member states)	
Scandinavian	Denmark, Finland, Sweden
Anglo-Saxon	Ireland, United Kingdom
Continental	Austria, Belgium, France, Germany, Luxembourg, the Netherlands
Mediterranean	Greece, Italy, Portugal, Spain
II. EU-12 (new member states)	
Central and Eastern European	Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia*
-----	Cyprus, Malta**

* Croatia was excluded from our analysis.

** Cyprus and Malta weren't assigned to any of the country groups, however, we included them in EU-27 aggregates.

Source: own compilation following the work of Hall-Soskice (2001), Parent-Thirion et al. (2007), Valeyre et al. (2009) and Gallie & Zhou (2013).

produce unbiased results, all tables presented in this study incorporate cross-national weighted data.

Following the model of Lorenz & Lundvall (2011), we used the following six binary variables to characterise the main attributes of a creative workplace:

- (1) a variable measuring whether the work requires problem solving (PBSOLV);
- (2) a variable measuring whether one is able to learn new things in one's work (LEARN);
- (3) a variable measuring the presence of complex tasks in one's work (COMPLX);
- (4) a variable measuring the use of the individual's own ideas at work (IDEAS);⁴
- (5) a variable indicating the presence of autonomy in choosing one's working methods (AUTMET); and
- (6) a variable indicating autonomy in choosing the order of tasks (AUTORD).

The type of factor method which was carried out on these variables is multiple correspondence analysis (MCA). Further analyses were carried out on two factors which contributed together to 58% of the inertia in the case of EWCS-2005, 60% of the inertia in the case of EWCS-2010, and 59% of the inertia in the case of EWCS-2015. In order to group the cases, hierarchical clustering (Ward's method) was carried out, on the basis of the factor scores, on each sample.

This paper, however, uses Lorenz & Lundvall's 2011 work only as a theoretical and methodological starting point, and it differs from that work in several ways. First, we included data from the fifth and sixth wave of EWCS (2010 and 2015). This allowed us to enlarge the scope of the analysis with the comparison of periods before and after the recent financial crisis in 2008. Second, our paper widens the limits of their study by evaluating the differences between each European country group, and includes

⁴ A binary variable transformed from a five-level ordinal scale, as follows: "always", "most of the time" ("almost always" and "often" in EWCS-2005) answers were recoded as "yes"; "sometimes", "rarely", and "never" ("sometimes", "rarely", "almost never" in EWCS-2005) were recoded as "no".

the public administration sector in the analysis. In the current phase of our research we intend to introduce several results of descriptive analyses⁵ on the basis of the results of the abovementioned more sophisticated statistical tools.

Creative jobs in the European Union: A sharp contrast along the north-west to south-east axis

Before presenting the distribution of different job clusters and later their changes over time, it is worth addressing briefly the characteristics of these clusters. As we can see from Table 4 below, the variables used to measure both the cognitive and the autonomy dimensions of work show relative stability in the three waves of the European Working Conditions Survey carried out between 2005 and 2015. The creative cluster can be characterised by an overrepresentation in all six variables: such staff utilise their cognitive abilities extensively during their work and they enjoy a high level of autonomy in doing so. Around half of European employees belong to this category of staff. The constrained problem-solver positions show high degree of problem-solving and learning activities, their working tasks are rather complex, but – surprisingly enough – these staff rarely use their own ideas during work. Similarly, the level of autonomy in choosing the methods of work and the order of tasks, is far the lowest as compared to other employees. Such staff account for nearly one quarter of the employees. The group of Taylorised workers can be characterised by the lowest level of problem-solving and learning activities, they execute relatively simple tasks. By contrast, their autonomy is significantly higher than those from the category of constrained problem-solvers, although it is far below the average of creative employees; between a quarter and a third of employees are in this job category.

⁵ For the sake of transparency, the tables and figures presented in this paper incorporate results without decimals (the results in our raw cross tables were rounded).

Table 4. Distribution of work organisation variables across job clusters, EU-27

Variable	2005				2010				2015			
	CW	CP	TW	AV	CW	CP	TW	AV	CW	CP	TW	AV
PBSOLV	97	87	40	80	97	91	45	81	97	92	44	83
LEARN	91	85	16	70	92	85	14	69	93	87	14	72
COMPLX	84	82	8	64	85	78	7	62	86	77	7	64
IDEAS	76	22	29	51	71	16	25	46	70	16	25	46
AUTMET	94	22	37	62	94	16	38	60	94	18	41	63
AUTORD	91	14	34	58	94	17	37	60	93	19	38	62
Total share	50	24	26	100	49	24	27	100	52	24	24	100

Legend: CW = creative workers; CP = constrained problem-solvers; TW = Taylorised workers; AV = average; PBSOLV = solves problems during work; LEARN = learns new things in work; COMPLX = solves complex tasks; IDEAS = able to use own ideas; AUTMET = able to choose work methods; AUTORD = able to choose order of tasks.

Source: Following Lorenz & Lundvall's 2011 choice of variables, own calculations based on EWCS 2005, 2010 and 2015

Creative jobs are especially prevalent in such sectors as; research and development; other computer-related activities; electricity, gas, steam and hot water supply; insurance, reinsurance and pension funding; and financial intermediation. Constrained problem-solvers are typically working in such sectors as: land transport and transport via pipelines; manufacture of textiles; manufacture of motor vehicles; manufacture of chemicals and chemical products; and manufacture of basic metals. Taylorised workers are most prevalent in: sewerage; manufacture of textiles; manufacture of wearing apparel; land transport and transport via pipelines; and postal and courier activities.

Creativity and autonomy of employees in the European Union: polarisation of work organisation from north-west to south-east

As can be seen from the table above, undoubtedly the creative job cluster gives the biggest opportunity for employees to work autonomously and to deploy their creativity. It is not at all surprising that the Scandinavian countries are those where these kinds of jobs dominate the most (see Figure 1). In Denmark 77% of all jobs analysed are

creative, while the same ratio is 74% in Sweden and 73% in Finland. As well as these countries we find above the European average presence of creative workplaces in such Continental countries as Luxembourg (65%), the Netherlands (63%), France (62%), Belgium (59%) and Austria (57%), together with the two Anglo-Saxon countries: the UK (59%) and Ireland (55%). It is interesting to see that while all Mediterranean countries are below the European average (52%), two former socialist countries, Estonia (62%) and Slovenia (55%), have a share of creative jobs above the average. The position of Germany is also surprising: creative work organisations are less widespread in Europe's biggest economy than the EU-27 average and the number there exceeds Spain by only two percentage points. Beside Germany we find only Mediterranean and Central and Eastern European countries below the EU-27 average, with Greece, Latvia, Slovakia, Romania and Hungary being the five countries where creative jobs are the least widespread.

The jobs of Taylorised workers can be characterised by low levels of both creativity and employee autonomy. The next figure, illustrating the share of these jobs in Europe, is almost the inverse

version of the previous one presenting the share of creative jobs (see Figure 2). This means that in most of the cases, in a country where creative jobs are more widespread we will find fewer

Taylorised workers. This is true, for example, for the Scandinavian and the Central and Eastern European (CEE) countries: Denmark, Finland and Sweden are leading countries in terms of creative

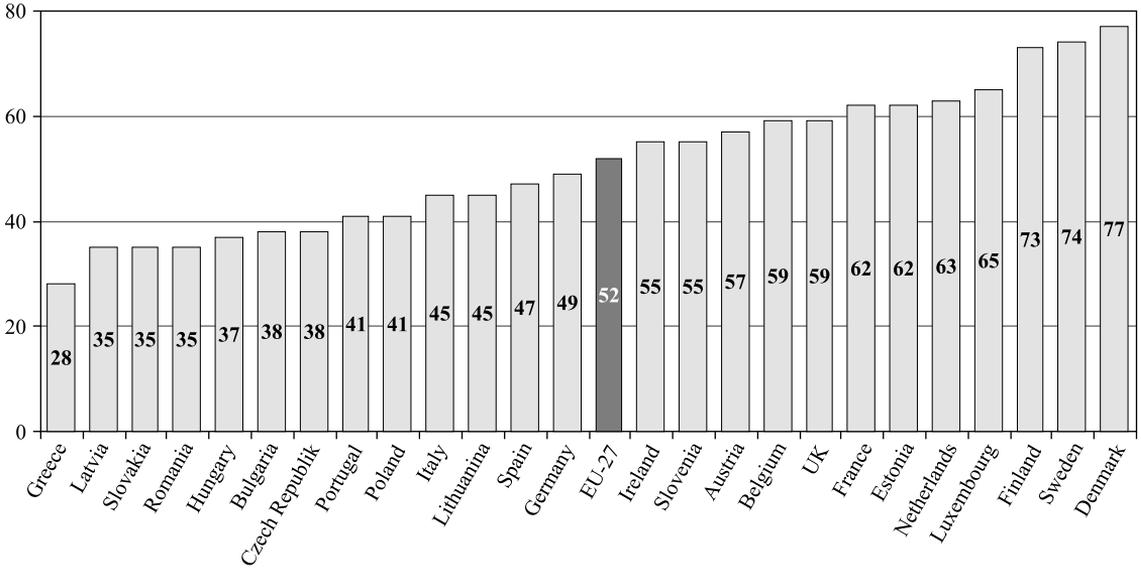


Figure 1. The share of creative jobs in the European Union (2015)

Source: Own compilation based on EWCS 2015.

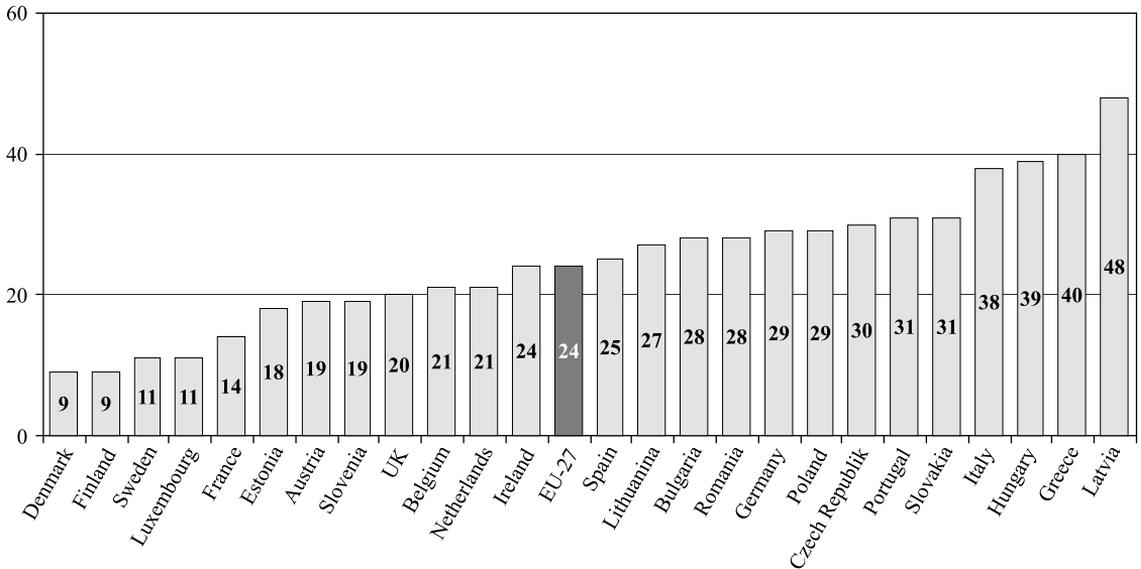


Figure 2. The share of Taylorised workers in the European Union (2015)

Source: Own compilation based on EWCS 2015.

jobs and are lagging behind all other countries when it comes to Taylorised workers. In contrast, creative jobs are less prevalent in the CEE countries while we found the highest shares of Taylorised workers in this region.

However, there are notable exceptions as well. It is surprising that almost one third of German workplaces (29%) belong to the Taylorised cluster and this is the ninth biggest share among the EU-27 countries. Italy is middle-ranked among European countries in the share of creative jobs, but it is one of the most Taylorised countries, with 38% of jobs being Taylorised. All in all, four countries have a significantly higher share of Taylorised jobs than the EU-27 average: Latvia (48%), Greece (40%), Hungary (39%) and Italy (38%). They are followed by Slovakia, Portugal, the Czech Republic, Poland, Germany, Romania, Bulgaria and Lithuania (27%–31%). Spain and Ireland are around the EU-27 average (25% and 24%, respectively). The Netherlands, Belgium, the UK, Slovenia, Austria and Estonia are the countries where the share of Taylorised

jobs (18%–21%) is visibly below the average, while we find the lightest presence of this type of work organisation in Denmark (9%), Finland (9%), Sweden (11%), Luxembourg (11%) and France (14%).

Constrained problem-solvers are those employees whose jobs demand relatively high level of cognitive capacities during the work but allow the lowest level of employee autonomy at the same time. Given the fact that creative jobs represent around three quarters of all jobs in the Scandinavian countries, it is not at all surprising that the share of both Taylorised employees and constrained problem-solvers is among the lowest in Denmark, Sweden and Finland. The share thereof is similarly low in the Netherlands, Italy, Latvia, Belgium, Ireland, the UK and Estonia (between 15% and 21%) (see Figure 3). The EU-27 average is 24% and we find eight countries very close to that rate: Germany, France, Luxembourg, Austria, Slovenia, Portugal, Spain and Lithuania (23%–28%). The highest share of constrained problem-solvers can be found in CEE countries,

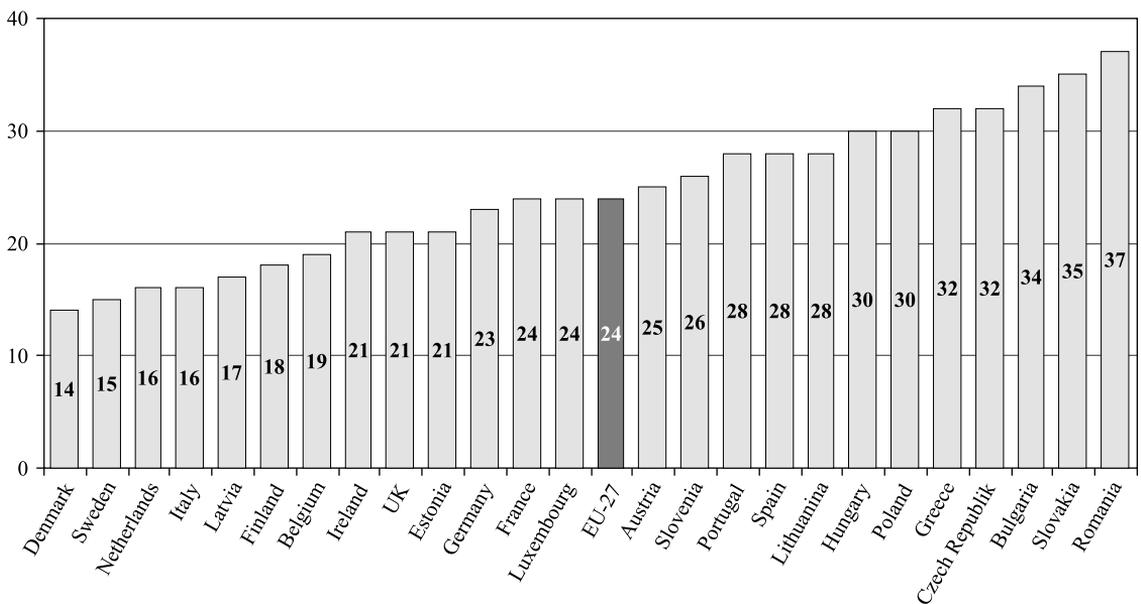


Figure 3. The share of constrained problem-solvers in the European Union (2015)

Source: Own compilation based on EWCS 2015.

in Hungary, Poland, the Czech Republic, Bulgaria, Slovakia and Romania (30%–37%), together with Greece (32%), the only Mediterranean country in this country group.

If we add the share of constrained problem-solvers to the share of Taylorised workers, it gives a good proxy indicator on those employees who enjoy less autonomy in their work. This is even more important because the lack of participative employee involvement sets serious limits to any kind of creativity having long-term impact on innovation. It is obvious that employees are important sources of innovation, their active participation in the implementation is a necessary precondition of any innovation: “The basic idea of Employee-Driven Innovation rests on the assumption that employees have hidden abilities for innovation, and that this potential can be made visible, recognised and exploited to the benefit of both the firm and its employees.” (Kesting & Ulhoi, 2010, p. 66)

As we can see from Figure 4 above, the three Scandinavian countries are visibly separated from the rest of Europe, the share of the two least autonomous job clusters there is around 25%. The next country group is composed of Luxembourg, the Netherlands, France, Estonia, Belgium, the UK, Austria, Ireland and Slovenia. Those countries are below the European average (35%–45%); it is interesting to note that the group doesn’t contain any Mediterranean countries and only two CEE countries (Estonia and Slovenia). These two country groups are over-represented at the low end of the scale: more than every second jobs has limited level of employee autonomy in Spain, Italy and Lithuania, while the share thereof is about 60%–66% in Portugal, Poland, Bulgaria, the Czech Republic, Latvia, Romania and Slovakia. The situation is the worst in Hungary and Greece, where the same ratio is 69% and 72%, respectively. This means that these countries have the lowest potential to develop the innovative capabilities of employees and their work organisations.

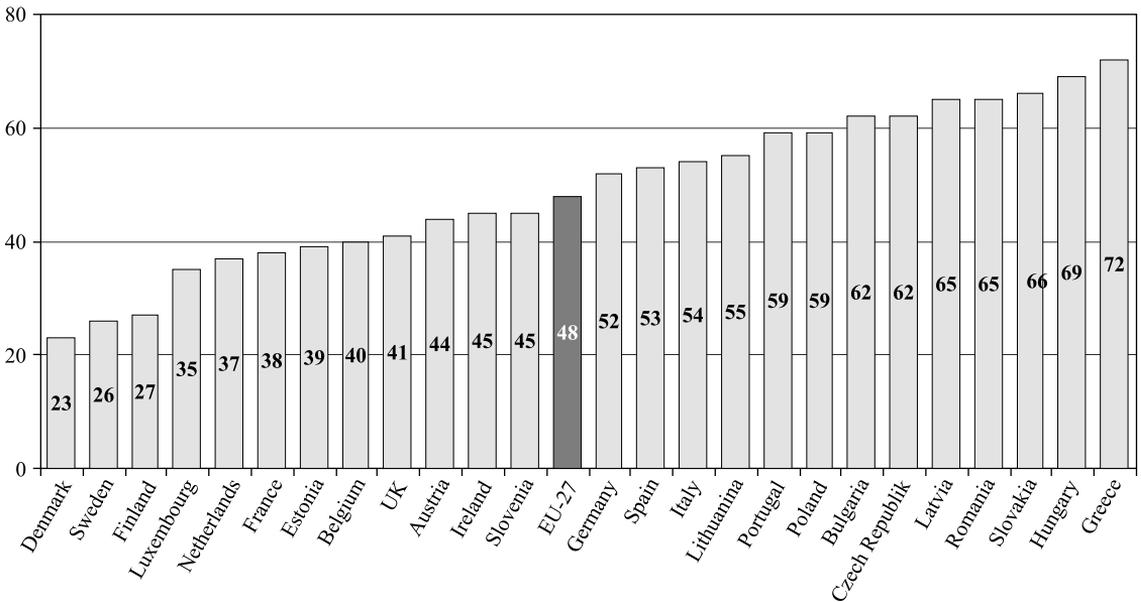


Figure 4. The share of constrained problem-solvers and Taylorised workers in the European Union (2015)

Source: Own compilation based on EWCS 2015.

Sectoral differences: the public sector is an important locus of creative jobs

In the following sections we will analyse differences in the shares of job clusters from a sectoral perspective. In the first step we distinguished work organisations operating in the private and public sectors.⁶ In order to keep the analysis easy to understand, we will focus on Hungary and aggregate country-group-level data. As can be seen from Table A1 (see the annex hereto), the public sector is an important locus of creative jobs in all country groups, as the share thereof is visibly higher than in the private sector. However, that is not true for Hungary, where there were no differences between the two sectors in 2015. Longitudinal analysis shows that this is a relatively recent trend in Hungary, because public sector had a notably higher share of creative jobs than the private sector both in 2005 (58% v. 40%) and 2010 (59% v. 44%). This shift was due to expansion of Taylorised workplaces. In 2010, for example, only 16% of public sector jobs were Taylorised but this percentage doubled in only five years (16% v. 33% in 2010 and 2015). Similar trends were observable in other CEE countries but to a significantly lesser degree (20% v. 26%). In contrast, the Anglo-Saxon country group showed a reverse trend: the share of Taylorised workers was 33% in 2005 and it declined to 18% in 2015. The case of the Mediterranean and Continental country groups is also interesting: in the public sector there was a slightly higher share of creative jobs in 2005, but over a 10-year time period this difference has been growing significantly higher and public sector has become the undisputable leader in the share of creative jobs.

⁶ Based on the related question asked in each of the three waves of the survey (“Are you working in the...? private sector; public sector; joint private-public organisation or company; not-for-profit sector, NGO; other”) we were able to distinguish between private and public sector employees (“joint private-public organisation or company”; “not-for-profit sector, NGO”; and “other” answers were excluded from the results presented in Table 15).

In the following section we will analyse in more detail the changes in public administration compared to other sectors, such as: manufacturing, construction, and utilities; retail and other services; and business and financial services. It is impossible to make any comparisons at country level because of the low number of cases, therefore we will limit our analysis to country-group-level investigation. As can be seen from the table below, public administration has a leading role in promoting creative workplaces in all country groups. Even the “business and financial services”, which is traditionally regarded as one of most innovative sectors, is lagging behind public administration in terms of the share of creative jobs. This is not a new phenomenon, the results of the data analysis show similar patterns for 2005 and 2010, with public administration being one of the most creative sectors (see Table 5). This supports the argument that innovation in the public sector shouldn’t be overlooked and needs much more attention from both policy makers and social scientists instead.

Despite this inherent innovative characteristic of the public administration in every country group, there are non-negligible differences as well. Among them the most striking is the high rate of constrained problem-solvers in the public administration of the CEE countries (see Table 6). The share of these jobs varies between 11% and 20% in the Old Member States, while – in a sharp contrast – the same ratio is 35% in the case of post-socialist countries, which is 14 percentage points higher than the EU-27 average. This is also the only country group in Europe where this type of jobs is the most prevalent in the public administration in comparison to the other three sectors investigated.

Regarding Taylorised jobs it is worth noting that these jobs are almost absent in Scandinavian public administration (see Table 7). Only every 25th employee is working in such an organisational arrangement characterised by low level of creativity and autonomy. In CEE and Mediterranean countries the level of Taylorised job is visibly higher than the EU average. The real divide therefore can be found not between Old and New Member States

Table 5. The share of creative jobs in selected sectors by country groups (2015)

Sector	SCD	AGS	CON	MED	CEE	EU-27
Manufacturing, construction, and utilities	75	64	53	44	38	50
Retail and other services	68	42	46	39	37	43
Business and financial services	78	70	63	54	46	61
Public administration	85	75	69	59	43	64
Average	75	59	55	46	39	52

Legend: SCD = Scandinavian; AGS = Anglo-Saxon; CON = Continental; MED = Mediterranean; CEE = Central and Eastern European

Source: Own calculations based on EWCS 2015.

Table 6. The share of constrained problem-solvers in selected sectors by country groups (2015)

Sector	SCD	AGS	CON	MED	CEE	EU-27
Manufacturing, construction, and utilities	16	24	24	30	34	27
Retail and other services	17	25	26	26	28	26
Business and financial services	14	17	19	17	33	20
Public administration	11	17	18	20	35	21
Average	15	21	22	25	32	24

Legend: SCD = Scandinavian; AGS = Anglo-Saxon; CON = Continental; MED = Mediterranean; CEE = Central and Eastern European

Source: Own calculations based on EWCS 2015.

Table 7. The share of Taylorised jobs in some selected by country groups (2015)

Sector	SCD	AGS	CON	MED	CEE	EU-27
Manufacturing, construction, and utilities	9	12	23	26	29	23
Retail and other services	15	33	28	35	35	31
Business and financial services	7	14	19	29	22	20
Public administration	4	8	13	21	22	15
Average	10	20	22	29	29	24

Legend: SCD = Scandinavian; AGS = Anglo-Saxon; CON = Continental; MED = Mediterranean; CEE = Central and Eastern European

Source: Own calculations based on EWCS 2015

but between the Mediterranean and CEE countries on the one hand, and the Scandinavian, Continental and Anglo-Saxon countries on the other.

In order to put the analysis in a dynamic perspective we also calculated the distribution of different job clusters for 2005 and 2010. As Table A2 shows (see the annex hereto), while the rate of creative jobs did not change significantly from 2005 to 2015, that apparent stability hides important sectoral differences. For example, the share of creative jobs fell in the retail and other services sector as well as in business and financial services, while in manufacturing it rose slightly. In contrast, European public administration experienced an eight-percentage point increase and became the most creative sector among the analysed four branches. This growth was primarily due to the performance of the Mediterranean, Continental and Anglo-Saxon countries, producing an impressive increase in creative jobs (the growth rate varies between 14 and 17 percentage points). In the Scandinavian countries this ratio remained almost the same high level. Meanwhile, the CEE country group experienced a significant loss of creative jobs, as was already pointed out earlier in this section.

In contrast to creative jobs, the share of constrained problem-solvers decreased significantly between 2005 and 2015 in European public administration (see Table A3 in the annex). This was especially true for the Mediterranean countries, where the growth of creative workplaces was balanced mainly by a loss of constrained problem-solvers. It is also worthy of note that in the case of the Anglo-Saxon and CEE country groups there was a fluctuation in between the two terminal dates of the investigation. In the former country group, for example, the share of these workers increased from 18% to 27% between 2005 and 2010 and then fell back to 17% in 2015. The in between variation was even bigger in the post-socialist countries (23%, 35% and 22%, respectively, in the three periods).

Similarly to the previously analysed job cluster, the share of Taylorised workers also decreased in European public administration

between 2005 and 2010 but to a lesser degree (from 19% to 15%; see Table A4 in the annex). The Anglo-Saxon countries experienced the biggest loss in this regard but the share of Taylorised workers fell in all other country groups. The only exception is the CEE countries in which the share thereof grew from 18% to 22%. Almost the same dynamics characterised the manufacturing sector: there were significantly fewer Taylorised workers in the Scandinavian, Anglo-Saxon and Mediterranean countries, while their share remained the same in the Continental countries. The only country group where a slight increase was detected is the CEE countries (from 27% to 29%).

Conclusions

People are playing a key role in the public administration innovation, "... so one of the goals of public human resource management should be to support employees in innovating – that is, ensuring they have the ability, motivation and opportunity to come up with new approaches. Ability requires not just technical skills but also creativity and associative thinking, as well as the behavioural and social skills needed to bring about change" (Fostering Innovation, 2017, p. 11). In relation to the types of investment in innovation ability the majority of efforts are focused on the development of "human capital" (i.e. investment in vocational education). Much less efforts are taken to understand and invest into the improvement of "structural capital". Focusing on structural capital it "... may imply creating and/or implementing learning-intensive forms of organisation or technology" (Cedefop, 2012, p. 22).

The aim of our analysis is to better understand the characteristics of the "structural capital" fostering innovation in public administration. To create a new innovation policy framework it is necessary to identify the pool of creative/innovative and less creative jobs reflecting the quality of structural capital in European public administration in comparison to other sectors (e.g. manufacturing, knowledge intensive business services, etc).

To make a general picture of the variation in creativity in the European economy, firstly a **cross-country analysis** was carried out in an ambition to map the share of job-clusters, measured by six variables presented in the methodology section of the paper, labelled as “creative”, “constrained problems-solvers” and “Taylorised” types. Secondly, we intended to indicate the differences of job-clusters by sectors (e.g. private v. public, public administration v. manufacturing, etc).

One of the most important lessons of this exercise is that, in spite of the 2008 financial crisis and economic downturn, every second European worker is performing “creative/innovative” work offering them both excellent learning opportunities and a substantial level of autonomy in their job. This type of job is one key factor developing learning/innovative organisations (Totterdill, 2017). The remaining European workforce is characterised, by equal shares, as “constrained problems-solvers” and “Taylorised workers”. Jobs performed by “constrained problem-solvers” offer substantial learning opportunity and rather limited autonomy. The “Taylorised” jobs, as an emblematic mass production type of work, are characterised by lack of learning/innovation and low levels of autonomy. Patterns of job cluster distribution remained fairly stable when comparing the three waves of the EWCS (2005, 2010 and 2015).

The core aim of this paper was to outline the **sectoral** differences in the distribution of “job clusters”. In this regard special attention was paid to the private sector versus the public sector. A more detailed comparison of various sub-sectors (e.g. manufacturing, retail and other services, knowledge intensive business services and public administration) was only possible at the country group level, because of the low number of cases.

The analysis shows that the sectors of public administration and knowledge intensive business services are the undeniable locus of the “creative” jobs in all European countries according to the surveys carried out before (2005) and just after (2010) of the 2008 crisis. However, the most recent EWCS, carried out in 2015, indicates that the only

exception from this pattern is Hungary: the share of the “creative” job cluster in public administration in Hungary is less than half of the private sector there.

Focusing on **public administration**, we have to stress that this sector **boosts creative workplaces in all country groups**. In this regard it is worth noting that even “knowledge intensive business service”, which is the emblematic sector of the learning economy, is lagging behind public administration in terms of share of creative jobs.

Public administration is operating in a challenging environment, coping with the following complex policy challenges: how to simultaneously solve the problems created by citizens’ high expectations regarding quality services and by the lower or stagnant level of available resources. It is clear that our analysis based on such elements of job quality as learning/creative opportunities and the level of employee autonomy is highly relevant in this regard. An increasing level of creative/innovative jobs may facilitate the implementation of “High-Performance Civil Service” or “High-Engagement Civil Services”, where “... engaged employees participate beyond the expected level and contribute actively to the success of the organisation” (OECD: Governance Reviews, 2016, p. 60). This justifies the argument that creativity/innovation in the public sector shouldn’t be overlooked but need much more attention from both policy makers and social scientists instead.

It is an urgent challenge for both policy makers and other practitioners as well as for researchers to better understand the roles of human and structural capitals responsible for the development of the “creative” job cluster. A decade-old empirical experience shows that “... very clear patterns that in countries where a higher share of employees are engaged in discretionary learning or carrying out creative jobs⁷ organisations were more engaged in radical innovation” (Totterdill, 2017, p. 3) Finally, when observing the amount of investment in the workplace innovations improving creativity

⁷ Note: in our analysis, discretionary learning was similar to the “creative” job-cluster.

of jobs, it is necessary to extend the attention from the North-South asymmetry to the North-Western–South-Eastern’ divide: the Mediterranean and the NMS countries are in the “trailing edge” category in relation with the investment in the workplace innovations.

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Annex

Table A1. The distribution of job clusters in the EU between 2005, 2010 and 2015

Country grp.	2005						2010						2015					
	Private			Public			Private			Public			Private			Public		
	CW	CP	TW															
Scandinavian	73	14	13	83	11	7	72	16	12	76	15	10	74	17	9	80	10	10
Anglo-Saxon	52	19	30	49	18	33	50	23	27	61	27	12	58	22	21	63	19	18
Continental	55	21	24	56	25	20	48	25	27	55	25	20	52	23	24	67	19	14
Mediterranean	39	27	34	41	32	27	45	19	35	48	22	30	44	25	31	52	25	23
CEE	40	33	27	52	28	20	40	29	30	44	32	24	38	31	30	41	33	26
<i>Hungary</i>	40	31	29	58	25	17	44	30	26	59	25	16	38	31	31	38	29	33
EU-27	50	23	27	53	24	23	48	24	29	53	26	21	50	25	26	58	23	19

Legend: CW = Creative workers; CP = Constrained problem-solvers; TW = Taylorised workers

Source: Own calculations based on EWCS 2005, 2010, 2015.

Table A2. Changes in the share of creative jobs in Europe between 2005, 2010 and 2015

Sector	Scandinavian			Anglo-Saxon			Continental			Mediterranean			CEE			EU-27		
	2005	2010	2015	2005	2010	2015	2005	2010	2015	2005	2010	2015	2005	2010	2015	2005	2010	2015
MNS	73	74	75	49	58	64	53	49	53	38	47	44	38	38	38	46	48	50
RET	68	60	68	42	34	42	49	37	46	38	37	39	46	37	37	46	38	43
BFS	84	82	78	63	60	70	70	70	63	38	56	54	52	57	46	63	64	61
PBA	87	86	85	61	67	75	55	56	69	42	51	59	60	48	43	56	57	64
Average	75	72	75	50	51	59	56	50	55	39	46	46	43	42	39	50	49	52

Legend: MNS = Manufacturing, construction and utilities; RET = Retail and other services; BFS = Business and financial services; PBA = Public administration

Source: Own calculations based on EWCS 2005, 2010, 2015.

Table A3. Changes in the share of constrained problem-solvers in Europe between 2005, 2010 and 2015

Sector	Scandinavian			Anglo-Saxon			Continental			Mediterranean			CEE			EU-27		
	2005	2010	2015	2005	2010	2015	2005	2010	2015	2005	2010	2015	2005	2010	2015	2005	2010	2015
MNS	14	16	16	28	25	24	24	29	24	28	20	26	35	30	29	27	26	23
RET	16	22	17	17	29	25	22	26	26	22	35	28	31	35	22	27	31	31
BFS	10	12	14	20	19	17	18	15	19	28	13	29	32	24	22	21	16	20
PBA	9	11	11	18	27	17	26	27	18	35	22	21	23	35	22	25	26	15
Average	13	16	15	20	25	21	22	25	22	28	20	29	32	30	29	24	24	24

Legend: MNS = Manufacturing, construction and utilities; RET = Retail and other services; BFS = Business and financial services; PBA = Public administration

Source: Own calculations based on EWCS 2005, 2010, 2015.

Table A4. Changes in the share of Taylorised workers in Europe between 2005, 2010 and 2015

Sector	Scandinavian			Anglo-Saxon			Continental			Mediterranean			CEE			EU-27		
	2005	2010	2015	2005	2010	2015	2005	2010	2015	2005	2010	2015	2005	2010	2015	2005	2010	2015
MNS	13	10	9	23	17	12	23	22	23	34	34	26	27	31	29	26	26	23
RET	16	17	15	41	36	33	29	37	28	36	41	35	26	32	35	32	36	31
BFS	7	6	7	17	22	14	12	14	19	34	31	29	16	20	22	16	19	20
PBA	4	3	4	21	5	8	19	17	13	23	27	21	18	17	22	19	17	15
Average	12	12	10	30	24	20	22	25	22	33	34	29	25	29	29	26	27	24

Legend: MNS = Manufacturing, construction and utilities; RET = Retail and other services; BFS = Business and financial services; PBA = Public administration

Source: Own calculations based on EWCS 2005, 2010, 2015.

Elżbieta Izabela Szczepankiewicz, Beata Zaleska

Development of internal audit systems in Polish university hospitals

Abstract

Objectives: The purpose of this article is to discuss the regulations on and the functioning principles for internal audits in the Polish health care system. Additionally, this study presents selected results of empirical research with regard to the effectiveness of internal audits in university hospitals.

Research Design & Methods: To determine the research problems related to the functioning of the internal audit systems in selected university hospitals the authors analysed specialist literature and reviewed earlier studies addressing this question. On the basis of the analysis of such literature and applicable legislation the authors prepared an anonymous questionnaire and distributed it among internal auditors from a number of university hospitals in the voivodship (region) of Western Pomerania, including the city of Szczecin, and in the city of Poznań.

Findings: This paper discusses the legal basis and functioning principles for internal audits in the Polish health care sector. On the basis of a pilot survey study carried out in selected university hospitals in Poland the authors evaluated internal audit efficiency. This study has shown that the perception of the auditor's role and auditing efficiency varies significantly in comparable institutions. These conclusions should be considered as an inspiration for more advanced studies.

Implications / Recommendations: The constantly growing scope of health care institutions bound by the internal audit obligations shows that such audits are indeed necessary and demonstrates the efficiency of internal audits in the public sector.

Contribution / Value Added: The authors point to potential further research on internal audit efficiency in the Polish health care system.

Keywords: internal audit, public health administration, health sector units, auditors.

Article Classification: Research article

JEL classification: H51, I18, M42.

Introduction

Internal auditing became an element of the Polish public finance sector control system in 2002.

Each consecutive amendment of the Public Finance Act (2003, 2005 and 2009), as well as secondary legislation thereto, broadened the list of public sector institutions where internal audits became

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obligatory. After each amendment of applicable laws more and more health care institutions had to introduce internal audit systems. The obligation was first introduced with regard to the biggest organisations, such as university and regional hospitals. Since 2010 smaller units (such as what are referred to as independent public health care establishments) have also been required to create internal audit positions or functions. That last obligation does not apply to the smallest health care units, as long as they meet the conditions specified in the Public Finance Act. However, such units must hire an external service provider to carry out their internal audits.

Internal audits in health care institutions must be organised and performed in accordance with the provisions of the Public Finance Act (2017), secondary legislation and guidelines of the Minister of Finance (2009, 2016 and 2018) in this regard, as well as the internal auditing standards (2016) generally accepted in the public sector. Currently, the following health care system organisations are bound by the internal audit obligation:

- the Ministry of Health,
- the National Health Fund, and
- health care institutions owned by the state or by local governments and independent public health care establishments.

Until the end of 2009 internal audits in health care institutions were carried out by either in-house auditors or superior/supervisory entities. Currently larger institutions are audited by in-house internal auditors, while smaller ones can be audited by an external service provider (the Public Finance Act, 2017).

Auditors should express opinions on the relevance and efficiency of controls introduced by the given unit's manager, as well as on procedures and practices for preparing, classifying and presenting financial information. They should also evaluate compliance with applicable laws, internal regulations and programs, strategies and standards implemented by competent bodies, as well as safe-keeping of the organisation's property. Last but not least, they should evaluate the efficiency and cost-

effectiveness of how the organisation's resources are used and how public funds are spent. It is the auditor's obligation to submit reports containing his/her findings and to present recommendations on how to improve the organisation's performance in the audited areas. Auditors should also review programs and projects in order to verify whether the organisation operates in line with the planned results and goals.

In 2010 audit committees were appointed in all central government ministries (Regulation of the Minister of Finance, 2009, subsequently amended in 2016), including the Ministry of Health. The purpose of the audit committee at the Ministry of Health is to provide advisory services to the Ministry of Health with regard to ensuring adequate, efficient and effective management control and efficient internal auditing across the entire health care sector managed by the Ministry. The scope of the services provided by the committee covers the operation of management control and internal auditing in all units reporting to and supervised by the Ministry.

The purpose of this article is to discuss the regulations on and the functioning principles for internal audits in the Polish health care system. To achieve the objectives set a review of literature in the said scope has been conducted, as well as an analysis of legal acts and regulations in the field of internal auditing, along with the application of the comparative analysis and deduction method. On the basis of a survey carried out in selected university hospitals in Poland, the authors set out to assess internal audit efficiency in those hospitals. On the basis of the study's findings directions for further research in the sector are outlined.

Literature review

A review of scholarly papers on the functioning of internal audit systems in the Polish public finance sector enabled the authors to conclude that theorists most often study local governments (municipalities, districts, and voivodships), as well as ministries and ministerial internal audit

committees. Studies on internal audits in the public finance sector presented in such papers address, *inter alia*, the following issues:

- organisation of internal audit functions in local government units and scope of auditing tasks (e.g. Bartoszewicz & Lelusz, 2010; Szczepankiewicz, 2011c);
- competences of internal auditors and quality of internal audits (e.g. Szczepankiewicz & Młodzik, 2016; Szczepankiewicz, 2017);
- effect of legal regulations and international standards on the formation of internal audits (e.g. Sojka, 2017);
- internal audits performed by external service providers (e.g. Zaleska, 2017b);
- risk analysis carried out by internal auditors (e.g. Zaleska, 2011, 2017a; Szczepankiewicz, 2011b; Szczepankiewicz & Wójtowicz, 2015; Szczepankiewicz & Wojciechowska, 2015);
- links between management control and internal audits (e.g. Warowny, 2014; Kotarski, 2015; Zaleska, 2015; Mituś, 2017);
- the role of ministerial internal audit committees (e.g. Szczepankiewicz & Dudek, 2010; Kotarski, 2014).

In most of the studies mentioned above the authors thereof focused on issues related to the organisation of internal audits in public finance sector entities, as well as on the ways of carrying out audit tasks, determining the audit cycle, and the methods and tools used in risk analysis. Only some of the authors point out to the growing role of internal audits in the context of minimising or reducing operating risks. Only a few studies show that in recent years management bodies have become increasingly aware of the usefulness of internal audits. The advisory role of auditing has developed significantly. However, the authors of this article have not found any empirical studies that focus on measuring internal audit efficiency or show its effect on improving operating results. Existing metrics assessing internal audit efficiency continue to be insufficient.

Having reviewed specialist literature on the functioning of internal audit systems in the Polish

public finance sector the authors of this article concluded that only a few papers address the issue of internal auditing in the health care sector. Research in this field covers such aspects as:

- the cost, organisation and management of hospitals (e.g. Chluska, 2008; Kister, 2010; Mazur, 2010; Jaworzyńska, 2010; Klich, 2010; Piotrowicz, 2010; Buchelt, 2010; Kęsy, 2010);
- the development of internal audit systems in the health care sector, the organisation of internal audit functions in hospitals, and the scope of auditing tasks (e.g. Szczepankiewicz, 2010a, 2010b, 2010c and 2011a; Korendowicz, 2010; Szewieczek & Tkacz-Wolny, 2016; Kotarski, 2015);
- internal auditing as a supporting tool in hospital management used primarily in operating risk analysis and risk management process assessment (e.g. Szczepankiewicz, 2010b, 2010c and 2011b);
- the thematic scope of internal auditing, e.g. medical waste handling, including, in particular, medical waste management risk analysis (e.g. Pawełczyk, 2010);
- the role of internal audits in due diligence procedures, the scope of which is limited to identifying those operating areas in the hospital that are exposed to the highest risk of irregularities (e.g. Foremna-Pilarska, 2015);
- auditing of medical service profitability (e.g. Jarzębińska, 2010);
- internal auditing of quality management systems as a process of assessing the quality of such systems and services (e.g. Dąbrowska, 2010).

It is reasonable to assert that there is a lack of in-depth studies on how internal audit systems in hospitals are currently operated and organised. The gap in the scope of research on internal auditing in hospitals is caused by the significant difficulty in obtaining research material. This applies both to conducting surveys and to access to internal audit documentation maintained by internal audit functions. Internal auditors and hospital staff are reluctant to take part in such studies, citing

lack of time or unwillingness to disclose internal operating information.

Most hospitals in Poland are financially indebted, and their management bodies need to concentrate on financial activity and health service quality. More often than not, internal auditing in these institutions is seen merely as a statutory obligation. Therefore, it is important to conduct research on internal auditing in hospitals. The authors of this article believe that a study covering at least a small number of hospitals will contribute to improving knowledge about the functioning of internal auditing in these institutions, which will help to identify research problems to be addressed via more comprehensive research in the future.

Material and methods

The purpose of empirical research is to understand the functioning of internal audits in hospitals, with regard to methods and techniques used, internal auditors' reporting lines and independence from the audited persons, as well as audit efficiency measured with the number of tasks per year. To determine the research problems related to the functioning of the internal audit system in selected university hospitals the authors of this article analysed specialist literature and reviewed previous studies addressing this question. On the basis of the analysis of literature and applicable legislation the authors prepared an anonymous questionnaire and distributed it among internal auditors in a number of university hospitals in the voivodship (region) of Western Pomerania, including the city of Szczecin, and in the city of Poznań. There are two university hospitals in Szczecin and five university hospitals in Poznań. Responses were received from a total of three university hospitals in the two cities (one university hospital in Szczecin and two in Poznań).

The key reason for selecting university hospitals from among all health care institutions was the complexity of their operations. University hospitals carry out medical, research and educational activities, and consume more public funds than

other hospitals. Their organisational structure is highly complex. They are far more difficult to manage than smaller health care institutions. It is reasonable to assume that internal auditing in university hospitals is a key tool to reassure management about the correctness of processes in place and helps to minimise or eliminate operating risks. The locations of university hospitals covered by the study were selected so as to facilitate the research work.

The questionnaire consisted of Part A and Part B. Part A contained questions necessary to determine the organisational and legal structure of the hospital, its founding body, the population of the city in which the hospital operates, and the type of medical services offered to patients. Part B contained questions which made it possible to analyse and evaluate certain areas and efficiency of the internal audit system at the given institution. Details of the analysed hospitals are presented in Table 1.

The analysed university hospitals, not unlike other university hospitals in Poland, occupy a prominent position in the national health care system. University hospitals operate on the basis of a number of legislative acts, including the Medical Activity Act (2016) and the University Education Law Act (2016). Their activities include patient treatment, scientific research and medical education. As a rule, their statutory tasks include the basic level (university student education, basic health care for patients from the entire region), the specialist and regional level (specialist medical services, post-graduate education), as well as the supra-regional level (medical procedures of the highest reference level, research and development).

According to the data released by the Supreme Audit Office university hospitals perform approximately 25% of all medical procedures in Poland (75% in the case of highly specialist procedures) and thus play an important role in ensuring public health (Wyniki kontroli ..., 2014). In the opinion of the Supreme Audit Office, the economic condition of certain university hospitals in Poland is very poor, threatening their further operation. This

Table 1. Details of the analysed university hospitals

No.	Parameter	Hospital A	Hospital B	Hospital C
1.	Ownership	Public hospital		
2.	Organisational / legal structure	Independent public health care establishment		
3.	Founding body	Medical University		
4.	City population	More than 300,000	More than 600,000	
5.	No. of departments	27	24	14
6.	No. of clinics	20	21	28
7.	No. of other medical units	10	12	12
8.	Awarded certificates	National Centre for Quality Assessment certificates, ISO certificates	National Centre for Quality Assessment certificates, including: ISO – Quality Management System certified for compliance with EN ISO 9001:2008, the hospital is currently preparing for implementing the following standards: ISO 140001, ISO 18001, ISO 27001, HACCP.	National Centre for Quality Assessment certificates, including: ISO – Quality Management System certified for compliance with EN ISO 9001:2008,
9.	Type of medical services offered	Highly specialist clinical services and specialist clinics		
10.	Type of services outsourced to external service providers	Medical transportation		

Source: the authors, on the basis of questionnaires filled in by internal auditors from the analysed hospitals.

fact makes it even more important to assess all tools that support university hospital management (including internal audits) from the perspective of efficiency, i.e. how effectively they support the management in taking efficient medical and non-medical decisions.

The hospitals analysed by the authors are part of what is referred to as the “hospital axis”. The axis is a common name for the PSZ System (2017), or the basic hospital medical services assurance system. The PSZ System was introduced in Poland in 2017. After its introduction, the status of university hospitals was changed to nationwide institutions without any limitations as to the scope of hospital services offered. The funds for treatment as part of the system are awarded on the basis of agreements concluded with the State, i.e. the National Health Fund. Each hospital is awarded annual lump-sum budgets covering all medical services to be provided during the year. The exact amount of the lump sum depends on the number of health services provided

in the preceding year. Some health services are excluded from the lump sum and are accounted for in what is referred to as uniform patients’ group systems (abbreviated as DRG: Diagnostic Related Groups), whereby payments for services are made directly by the State (i.e. the National Health Fund) at the end of the treatment of a specific medical case, on the basis of a report detailing the services provided to the patient in question. The DRG system is operated on the basis of agreements concluded with the National Health Fund.

Results and discussion

Part B of the questionnaire sent to internal auditors from university hospitals contained questions that made it possible to understand the functioning and efficiency of the internal audit system in the given institution. The questionnaire was filled in by internal auditors employed in hospitals on the basis of employment contracts.

The qualifications of the auditors comply with the requirements of the Public Finance Act. All respondents had more than six years of professional experience in the internal auditing capacity. Two auditors had passed a state exam organised between 2003 and 2006 by the Examination Board appointed by the Minister of Finance. One auditor holds a CIA (Certified Internal Auditor) certificate. All of the auditors had professional experience with local government units.

The responses provided by the respondents show that in the analysed hospitals internal auditors are employed on the basis of employment contracts. Such contracts are formally protected, which means that hospitals must consult the Ministry of Health internal audit committee before terminating them or modifying current employment conditions. In this way it is easier for internal auditors to remain independent and unbiased. In both hospitals internal auditors report directly to the hospital manager. They also provide the manager with assurance and consulting services. The internal auditors in the analysed university hospitals have been employed for more than two years, it can therefore be concluded that they know their institutions fairly well.

One of the foundations of the work of internal auditors in health care institutions is trust in an internal auditor's judgment. Such trust can only be built up if the auditor displays an appropriate ethical attitude. The Code of Ethics of internal auditors in public finance sector institutions has been in effect in Poland since 2006. The Code supplements internal audit standards and defines operating guidelines for public sector auditors. It requires them to act with integrity, diligence and fairness. The Code contains a set of principles and rules related to auditing practices, as well as rules of procedure constituting norms of behaviour expected from internal auditors. In the analysed university hospitals internal auditors had also drawn up the following documents:

- a code of ethics;
- an internal audit charter; and
- a book of procedures for internal audits.

The first of the two documents sets out the principles of ethical conduct for internal auditors. The internal audit charter defines the role and tasks internal auditing in hospital (e.g. Szczepankiewicz & Dudek, 2008). The book of procedures for internal audits covers the procedures to be used in internal audits, including descriptions of risk analysis, documentation used in an internal auditor's work, deadlines to be met by internal auditors, procedures to be followed in performing assurance, consulting and verification tasks, as well as legal regulations and international internal audit standards to be followed by auditors (Dudek & Szczepankiewicz, 2009). The existence of such documents should be considered as a good practice. The auditors in the analysed hospitals follow the requirements set forth in the description of internal audit procedures.

Currently, the role of internal auditing in a health care institution involves identification and understanding of potential risks affecting the institution, as well as examination and efficiency assessment of the management control system developed in order to control risks and to ensure financial security of the organisation. The fundamental goal of internal auditing is to support the management in the pursuance of goals and performance of tasks through systematic assessment of management control with regard to how public funds are spent.

Internal auditing in hospitals covers all areas of hospital operation. It is a management tool that assists the management in becoming reasonably sure that: the organisation duly performs its statutory goals and tasks (Piotrowicz, 2010; Korendowicz, 2010); procedures required by law or introduced by the management have been implemented and are followed (Bugdol, 2010; Sułkiewicz & Szomański, 2010); and mechanisms and procedures constituting the internal control system are adequate and efficiently ensure appropriate performance of the entire organisation (Kotarski, 2015; Szewieczek & Tkacz-Wolny, 2016).

Risk analysis is the main tool used by internal auditors (e.g. Szczepankiewicz & Wojciechowska, 2015; Szczepankiewicz & Wójtowicz, 2015). It

must be performed at the stage of developing the audit plan, which in its turn specifies the auditing tasks to be carried out in the following year. Table 2 presents the responses given by internal auditors from the analysed university hospitals to questions about selected issues related to risk analysis procedures.

Internal auditors in the analysed hospitals analyse risks using first of all the mathematical method, which is regarded as being well documented and guaranteeing an unbiased attitude to determining areas exposed to high risk of irregularities. However, it seems that in addition to the internal auditor and the general manager risk analysis should involve a greater number of staff, including, for example, department managers, as they have good hands-on knowledge of their respective areas and can most accurately determine the risk of irregularities that could frustrate the goals to be achieved and the tasks to be performed. Such a situation exists only in analysed hospitals B and C, where the internal auditor:

- relies on opinions on possible risks presented by the general manager as well as managers of departments and other medical units; and
- reviews the risk register maintained as part of the obligatory management control.

The answers provided by the internal auditor from hospital A raise some concerns, as it seems that the risk analysis performed by that auditor does not take into account the risk register, which is a management control tool. That register contains the identified risks attributable to the hospital's statutory goals and tasks, as well as risk owners, risk assessment, acceptable risk levels and responses to risks. Identified risks should be assessed; in other words, their rating needs to be determined. Risk rating is calculated by multiplying risk likelihood by the severity of the consequences of that risk. Risk owners are managers of organisational units, or other employees appointed for that purpose. A risk owner is in charge of managing and monitoring the risk. If the internal auditor used the risk register in risk analyses prepared for the purpose

Table 2. Risk analysis procedures necessary for preparing internal audit plans in the analysed university hospitals

No.	Question	Hospital A	Hospital B	Hospital C
1.	Who participates in the risk analysis?	Internal auditor, hospital manager.	Internal auditor, hospital manager; managers of departments and other medical units participate if and when necessary.	Internal auditor, hospital manager; managers of departments.
2.	Does the auditor carry out tasks outside the internal audit plan?	Yes, whenever necessary, in case of suspected malfunctioning of in a given area.	Yes, at the request of the hospital's general manager and/or department managers.	Yes, at the request of the hospital's general manager and/or department managers.
3.	What risk analysis method is used?	Mathematical method.	Mathematical method and – for additional assistance – statistical method in certain areas.	Mathematical method or statistical method in certain areas.
4.	Does the auditor use the risk register maintained as part of management control?	No.	The register is reviewed by the auditor.	The register is reviewed by the auditor.

Source: the authors, on the basis of questionnaires filled in by internal auditors from the analysed hospitals.

of the audit plan, the quality of the plan would be improved, thus contributing to a greater efficiency of internal auditing.

Responses to question about audit tasks performed in 2016 and 2017 are presented in Table 3.

On the basis of an analysis of the submitted questionnaires the authors concluded that internal auditors complete two to four tasks annually. In 2016 and 2017 assurance tasks in all hospitals concentrated on areas related to IT data security and personal data protection (in response to amendments in personal data protection legislation). The other tasks dealt with such areas as procurement of new medical equipment and materials, efficient materials management, human resources management (medical personnel needs analysis), as well as advisory tasks related to the introduction of additional ISO standards.

In the opinion of the authors the completion of two tasks during a year is insufficient. It is rather surprising that all of the addressed areas belonged to roughly the same thematic field. While it is indeed obligatory for public entity managements to ensure periodical internal audits in the field of information safety at least once a year (e.g.

Sułkiewicz & Szomański, 2010; Karczewska et al., 2016; Regulation of the Council of Ministers, 2012), that should not be at the expense of other areas of operation. In this context it is important to note that the operations of university hospitals are fairly comprehensive, and include medicinal services, research and education. In the authors' opinion each of those fields (and, more specifically, certain predefined areas within those fields) should be audited at least once every two years.

Internal auditors should also evaluate to what extent the organisation's operations are aligned with previous recommendations made by auditors or controllers. Table 4 presents responses to questions about adherence to recommendations issued in different areas.

Among the auditors' responses to questions about how hospitals implement recommendations in the audited areas the most worrying is the first response of the auditor from hospital A. Namely, the auditor admitted that recommendations are followed to a limited extent only. This is due to the fact that there is no obligation to implement all recommendations proposed the internal auditor. The hospital management eventually decide

Table 3. Audit tasks performed in the analysed university hospitals in 2016 and 2017

No.	Question	Hospital A	Hospital B	Hospital C
1.	How many audit tasks were completed in 2016?	2 tasks	3 tasks	2 tasks
2.	What areas of the hospital's operation were covered by audit tasks performed in 2016?	Materials management Information safety	Information safety Public procurement Use of public funds	Information safety Materials management
3.	How many audit tasks were completed in 2017?	Two tasks	Four tasks	Three tasks
4.	What areas of the hospital's operation were covered by audit tasks performed in 2017?	Personal data protection Human resources management	Personal data protection. Materials management Medical personnel needs assessment Advisory tasks – ISO standard implementation	Personal data protection. Public procurement Advisory tasks – ISO standard
5.	Does the internal auditor does attend training courses?	No	Yes	Yes

Source: the authors, on the basis of questionnaires filled in by internal auditors from the analysed hospitals.

Table 4. Adherence to selected recommendations made by the auditors in the analysed university hospitals

No.	Question	Hospital A	Hospital B	Hospital C
1.	Does the hospital follow the recommendations issued by the internal auditor?	To a limited extent.	To a significant extent (approximately 80%).	To a significant extent (approximately 85%).
2.	Does the auditor monitor follow-up activities?	Yes, always.	Yes, always.	Yes, always.
3.	Does the auditor perform tasks related to management control?	No.	No.	No.

Source: the authors, on the basis of questionnaires filled in by internal auditors from the analysed hospitals.

whether or not to introduce the recommendations issued by the internal auditor. Refusals are often justified by a lack of the funds and human resources necessary to implement the internal auditor's recommendations in the audited area.

This inevitably makes one wonder about the very purpose of having an internal audit system in the university hospital in question. Internal audit recommendations are supposed to help eliminate or reduce the deficiencies of management control performed by a hospital's management. If recommendations are not followed, irregularities will not be eliminated and management control over the hospital's goals and tasks will be less efficient. It is reasonable to conclude that statutory compliance is the only reason for the presence of the internal auditor in the university hospital in question. Another fact that confirms there is little appreciation for the internal auditor's role in that hospital is the lack of training that could improve the auditor's professional qualifications and update her knowledge of methods and techniques used in internal auditing. The auditor stated that the hospital management would not agree to such training, due to a lack of funds.

The authors' study revealed strengths and weaknesses of internal audit systems in the analysed university hospitals. The strengths include:

- permanent employment of internal auditors;
- continuity in applying internal audit methods and procedures;
- documented procedures used in internal audits and guidelines on auditors' ethical conduct;

- use of well-documented methods in risk analysis by internal auditors; and
- follow-up of how internal auditors' recommendations are implemented in the audited areas.

The positive aspects of the internal audit system in the two of the analysed university hospitals (i.e. hospitals B and C) include the following:

- the hospital manager and the managers of departments and other medical units participate in risk analyses prepared for the purpose of the internal audit plan;
- the internal auditors use the risk register for the risk analyses prepared for the purpose of the internal audit plan;
- the number of audit tasks completed during the year is appropriate, although their thematic scope is limited;
- the recommendations given by the internal auditors in the audited areas are followed to an appropriated extent; and
- the internal auditors attend training courses.

The negative aspects of the internal audit system in the two of the analysed university hospitals (i.e. hospitals B and C) include the following:

- the internal auditors not monitor follow-up activities; and
- the internal auditors not perform tasks related to management control.

The negative aspects of the internal audit system in hospital A include the following:

- managers do not participate in risk analyses prepared for the purpose of the internal audit plan;

- the internal auditor does not use the risk register for the risk analyses prepared for the purpose of the internal audit plan;
- the number of audit tasks completed during the year is too small and their thematic scope is limited;
- the recommendations given by the internal auditor in the audited areas are followed to a limited extent only; and
- the internal auditor does not attend training courses.

On the basis of the above results it can be concluded that in hospital A the management's awareness of the role of internal auditing in improving the hospital's operation is clearly lower. The management sees internal auditing merely as a statutory obligation. They do not use the internal auditor's advice and thus do not convert it into added value that could improve the hospital's operation. It may also be concluded that in the hospital in question the efficiency of internal auditing is low, which in its turn thwarts the basic function of internal audit, i.e. supporting the hospital's management with regard to efficient management. In Poland, there have been no studies in hospital covering the area outlined in tables 2–4. As a result, no discussion can be presented at this stage.

Conclusions

Internal auditing in the public health care sector in Poland was formally introduced in January 2002. The first institutions to be internally audited included the Ministry of Health, the National Health Fund and other health care institutions that met the criteria specified in the Public Finance Act. Internal auditing is a management tool that helps the organisation's management to be reasonably sure that the organisation's goals and tasks are being achieved, the procedures required by legislation or introduced by the management have been introduced and are complied with, and mechanisms and procedures in the internal control system are relevant and efficient, thus improving the organisation's performance.

Owing to the role and development of internal auditing in the Polish public finance sector its place in the organisational structure of health care institutions is now very important. Constant improvement of how internal auditing is organised and operated in the sector in question is ensured not only by a number of legislative acts and guidelines of the Ministry of Finance but also by the IIA's International Standards for the Professional Practice of Internal Audit (2016), the Code of Ethics (2006), ISACA Standards, and Management Control Standards (2009) based on international concepts and standards of control, as well as ISO standards, e.g. ISO 9001, ISO 140001, ISO 18001, ISO 27001, HACCP (Bugdol, 2010; Wolniak, 2010; Dąbrowska, 2010).

The ongoing process of internal auditing improvement in the public sector will be continued. The constantly growing scope of health care institutions bound by the internal auditing obligation shows that such auditing is indeed necessary and demonstrates the efficiency of internal auditing in the public sector. This is particularly important in the context of health care reform, aimed at creating a state-of-the-art system ensuring efficient patient services, comfortable working conditions for the staff and efficient use of public funds. Due to the poor condition of the Polish health care system and the difficult financial situation of many of its institutions, the system is generally seen as cost-ineffective and poorly managed. Therefore, in line with applicable regulations and generally accepted standards, supporting efficient management, assessment of management control efficiency (including public finance management), and involvement in risk management and execution of supervisory tasks should all be the ultimate goals of introducing and operating internal audit systems.

On the basis of the above results it can be concluded that in the analysed university hospitals the management's awareness of the role of internal auditing in improving the hospitals' operation is very different. Some managers see internal auditing merely as a statutory obligation. The

internal audits do not add added value that could improve the hospitals' operation.

The authors are of the opinion that it is necessary to continue research on internal auditing in the Polish health care system. Studies should cover not only hospitals but also other health care units too. In this way answers to the following questions may be easier to find:

1. How is internal auditing perceived in health care institutions?
2. Are internal audit functions established merely to ensure statutory compliance? Is the auditor merely an observer, or perhaps also an advisor to the organisation's management?
3. Which areas of internal auditing in the analysed institutions need to be improved?
4. What measures need to be taken to ensure actual involvement of department managers in risk analyses prepared for the purpose of the internal audit plan?
5. How to ensure that risk registers are maintained and relied on when preparing internal audit plans for the following year?
6. What are the reasons for excessively low numbers of assurance tasks performed annually and why is their thematic scope so limited? Are these reasons attributable to the shortage of skilled staff (e.g. too few positions in the audit function, unavailability of qualified auditors) or to other reasons?
7. Do department managers implement recommendations given by the internal auditors? If not, why?
8. Which areas of internal auditing need to be improved on the health care system level, for instance by means of new legislation, new guidelines to be issued by the Minister of Health or by any other means?

There have been no studies in Poland in hospital covering the areas outlined in questions 1–8 above. As a result, no discussion can be presented at this stage.

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Stanisław Gasik

A framework for analysing differences between public-sector and other-sector projects

Abstract

Objectives: The purpose of this paper is to create a model of public-sector and other-sector projects.

Research Design & Methods: An extensive review of literature was performed. The snowball approach was applied for collecting relevant papers. Models of differences between public-sector organisations and other organisations were chosen as the reference models for building a model for project level.

Findings: There are differences between managerial processes between public-sector and other-sector projects in all project management areas (integration management, scope management, cost management, schedule management, quality management, hr management, communications management, risk management, procurement management, and stakeholder management). Hence the most adequate model for explaining these differences is the dimensional model.

Implications / Recommendations: Project managers will be able to better align their managerial methods to the sector in which project are implemented. For instance, in public-sector projects in the area of HR management motivation should be more focused on non-financial factors.

Contribution / Value Added: The proposed model is the first, original, comprehensive model describing the differences between public-sector and other-sector projects.

Keywords: Project management, public sector, dimensional model, inter-sectorial differences

Article classification: Theoretical article

JEL classification: D73, H83, O22

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1. Introduction

1.1. The importance of public-sector projects

Public projects and their aggregates, programs, play an increasingly important role for

the development of public administrations and economies of all countries. They are the main managerial tool for any policy and strategy implementation (Lane, 2000, p. 98; Cochran & Malone, 1995, p. 1; Connell, 2010; UK Government, 2013; and many others). When a need for an intervention in any public area arises, analysis is performed and reports are issued. On the basis of them policies describing the government's or other public organisation's intentions are formulated. The policies are converted into strategies with

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measurable goals, budgets and timelines. One of the main tools for strategy implementation are projects. Projects may be grouped into portfolios (sets of projects and/or programs achieving organisation’s strategic goals, PMI, 2013a) and/or programs (groups of projects managed together in order to achieve better benefits than sums of benefits of projects managed independently, PMI, 2013b). Projects and programs deliver products. Their usage causes changes consistent with the policies’ intentions and with the strategic goals. Observation of the achieved effects may cause the initiation of new public initiatives.

The role of projects in policy implementation is schematically shown in Figure 1.

From the quantitative perspective, according to data from the World Bank (2016) 22% of world’s \$78 trillion GDP is spent on new capital formation, i.e. on projects. This would equate to about \$17 trillion as the world’s annual budget for projects. Public-sector projects are, by their nature, significantly larger than private ones (Kwak et al., 2014), so they account for a significant part of this budget.

However, the growth of the significance of public-sector projects has not been accompanied

by adequate advancement of knowledge about their management.

1.2. Approaches to defining differences between public-sector and other-sector projects

When analysing project management literature, we may find different approaches, stated explicitly or implicitly, to the differences between public and other-sector projects.

The first group of researchers do analyse public projects, but formulate conclusions in a general way, not limiting their scope of validity to public projects (e. g. Chou & Yang, 2012; Duffield & Whitty, 2016; Fu & Ou, 2013).

Authors who do not refer at all to the sector in which projects are make up the second group, including Savelsberg et al. (2016) and Damm & Schindler (2002).

The third group of researchers conduct research on public projects. Some of them explicitly formulate their thesis of dissimilarity of public-sector projects and other projects (e.g. Tabish & Jha, 2011; Rose, 2006). The others implicitly or explicitly state that their findings are valid only for public projects,

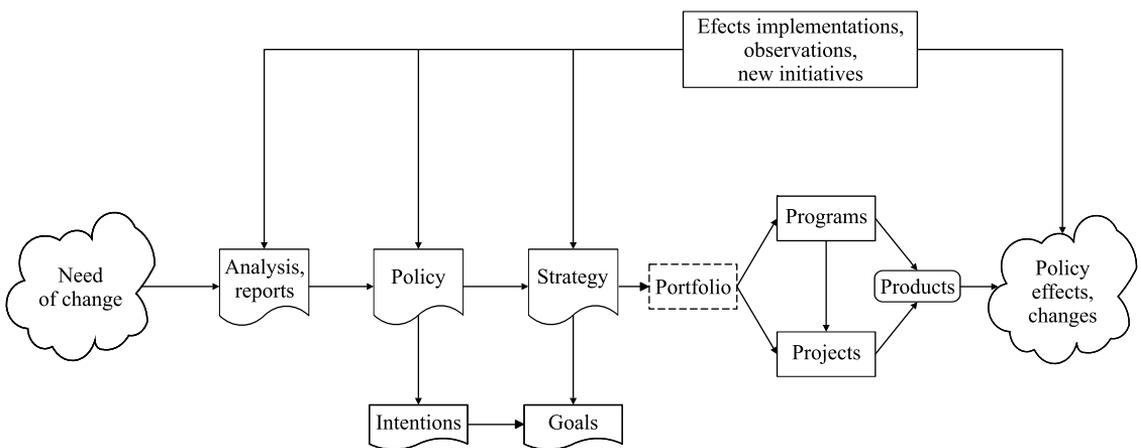


Figure 1. The lifecycle of policy implementation

Source: own work.

(e. g. Faridian, 2015; Kim & Lee, 2009; Kwak & Smith, 2009; and Skulmoski & Hartman, 2010).

The fourth group is those who, while characterising the analysed sample of projects state that both public and private projects were analysed, and then formulate proposals for the whole population of projects (e. g. Helm & Remington, 2005; Reich, 2007; Eden et al., 2005; Male et al., 2007).

The fifth group of researchers deal explicitly with differences between public-sector and other-sector projects, trying to check whether differences between these groups of projects exist. Some of these studies find such differences (e. g. Dilts & Pence, 2006; Coster & Van Wijk, 2015; Hvidman & Andersen, 2014), others do not (for example Hobbs & Aubry, 2008; Ramos et al., 2016).

From the theoretical point of view, the existence of – explicitly or implicitly formulated – five different approaches to differences between public-sector and other-sector projects shows how unstructured knowledge about public projects is, particularly with regard to differences between public and other-sector projects. What is missing from project management literature is a conceptual framework that clearly articulates the differences between public-sector and other-sector projects.

1.3. Improving public-sector project performance

The impact of management methods on the effects of public-sector projects' successes and failures is, as in each area of management, significant. From the practical point of view, the reasons for failures of public-sector projects may be the application of too general or inadequate management methods to public-sector projects.

One of the ways to improve the management of public-sector projects could be indicating differences between public-sector projects and projects of other-sectors and then, based on those differences, defining improved managerial methods adequate to public-sector projects.

This article contains a systematic attempt to organise the concepts related to differences between

public-sector and other-sector projects. It may have both theoretical (systemising the knowledge about differences between public and other-sector projects) and practical (developing better ways of public-sector project management) implications.

2. The structure of inter-sectorial project management differences

2.1. Public-sector projects and their management

Public projects are those whose products are used by public and where profitability is not the main goal. Government projects are those public projects that are carried out by decisions of public-sector institutions. The narrowest concept is the public-sector project. It is a government project for which a government institution bears the full responsibility for implementation. Figure 2 shows the relationships between these three concepts.

According to one of widely accepted definitions an organisation is a group of people who work together to pursue a goal (Rainey, 2014, p. 13; George & Jones, 2012, p. 5; Daft, 2010, p. 7;

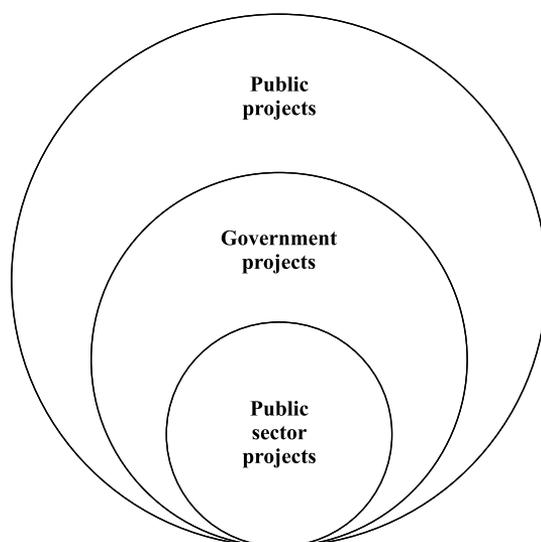


Figure 2. Types of public projects

Source: own work.

and many others). Projects fully comply with this definition – they are groups of people who work together to achieve a goal. Projects are defined as a sub-type of temporary organisations (Lundin & Soderholm, 1995; OGC, 2005, p. 7; Turner et al. 2010, p. 14; PMI, 2013, p. 3; and many others). The taxonomy of organisations with permanence v. temporariness as the main classifying criterion is schematically presented in figure 3.

Project management can be defined in two dimensions: by the type of sector and the type of management. In the sector dimension we focus only on the division into public sector and other sectors. In the management dimension we have project management and operational management (PMI, 2013b, p. 27). Hence public-sector project management is defined by the project management, public-sector organisations management and sector

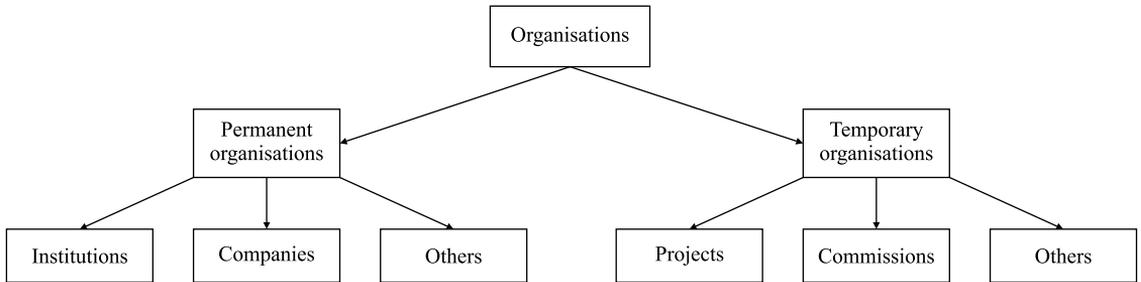


Figure 3. Types of organisations

Source: own work.

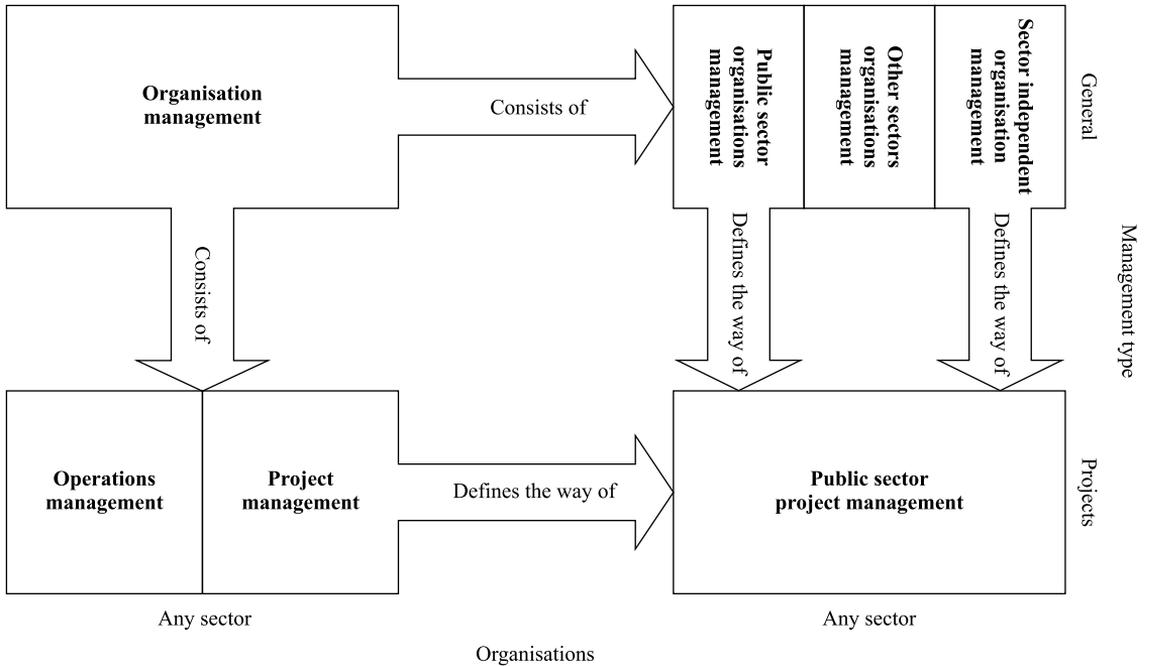


Figure 4. The context of the public-sector project management

Source: own work.

independent organisation management. These relationships are shown in Figure 4.

Public-sector project management involves the processes, techniques and functions:

- specific to the public sector
- sector independent

for areas of

- general management (applicable to projects) and
- project management.

Hence the discussion about cross-sectorial project management differences should include the discussion about the nature of the differences between organisations from different sectors, and the discussion about the nature of differences between public-sector projects and projects of other sectors.

2.2. Approaches to defining differences between public-sector and other-sector organisations

The research on organisations has built three main models of the differences between public-sector organisations and organisations from other sectors (Scott & Falcone, 1998):

- the generic model,
- the core model,
- the dimensional model.

According to the generic model there are no fundamental differences between public and business organisations. In the area of projects this approach would mean that there are no differences between public-sector projects and projects of other sectors.

According to the core model there are substantial differences between public and organisations from other sectors (e.g. Bozeman & Bretschneider, 1994). The differences stem mainly from the formal status of public organisations.

The dimensional model is the one in which the “publicness” of an organisation can be viewed in several dimensions (such as ownership, funding, mode of public control). For each of them a continuum from fully private to fully public may be observed. Therefore organisations can be more or less public.

2.3. The structure of project management

Project management knowledge may be divided into several areas. The PMBOK® Guide (PMI, 2013) divides this knowledge into ten areas (specified below) that become the dimensions for potential differences. Integration management involves integrative processes, such as identifying, unifying and co-ordinating project activities, which are crucial for achieving project success. Scope management involves processes required for a project to ensure that it includes all of the and only the work needed to achieve its success. Time management involves processes needed for timely completion of the project. Cost management involves those processes which are needed to complete a project within the approved budget. Quality management involves those processes which are responsible for satisfying the needs for which the project was undertaken. Human resources management involves processes for ensuring that a project will be performed by a collaborating team of qualified people. Communication management involves processes responsible for providing all project team members and the project environment with needed information. Risk management is responsible for decreasing the probability and impact of threats and increasing probability and impact of project opportunities. Procurement management involves processes for buying or acquiring goods and services from outside of the performing organisation. Stakeholder management is the processes of interaction with project stakeholders, including their engagement in project decisions and assuring their satisfaction, if possible.

2.4. Hypothetical model of differences between public-sector and other-sector projects

It is possible to obtain knowledge that in certain management areas public-sector projects differ from projects of other sectors while in others they do not differ. This approach moves the issue of project inter-sectorial differences from the

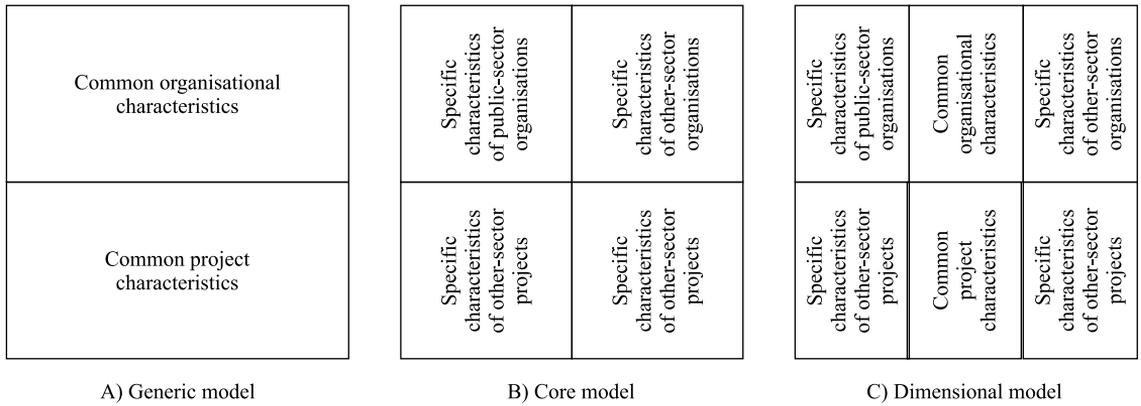


Figure 5. Possible models of the differences between projects of different sectors

Source: own work.

“constituting” dimension (such as ownership or funding) to the managerial dimension of integration management, quality management, etc.

Different models for the differences between the public-sector organisations and other organisations, extended to the differences between public-sector projects and other-sector projects, are shown schematically in Figure 5.

2.5. The research hypothesis and paper structure

The rest of this article is devoted to verification of the hypothesis that the dimensional model best explains the differences between public-sector projects and projects of other sectors. It has the following structure. First we present the results of research on the comparison of public sector organisations and projects with organisations and projects from other sectors. Papers on inter-sectorial differences, both at the organisational as well as the project level, have been collected using the snowball approach (Wohlin, 2014). For the construction of our model division into knowledge areas, originally defined for project management (chapter 2.3 above), we have expanded “up” to management in organisations of any type. Then, in order to assess the adequacy of

the presented above models at the aggregate level, taking into account the differences in all areas, we will refer to the adequacy of the three presented models. In the summary we will describe the conclusions, both theoretical and practical, which for each management areas arise from the identified differences.

3. The classification of research results

The results of analysing the differences between public-sector and other-sector projects in these management areas are presented in the following sections. In each section, according to the multi-dimensional nature of project management (Figure 4), we include the results of research performed at the general organisational level as well as that performed at the project level.

3.1. Integration management

Public-sector projects are exposed to political influences to a far greater extent than private projects (Kwak et al., 2014; Kassel, 2010; Pülmanis, 2015; O’Leary & Williams, 2008; Dilts & Pence, 2006). Decisions concerning the commencing of public-sector projects, developed on the basis of relevant analysis, may be changed by politicians

(Spittler & McCracken, 1996; O’Leary & Williams, 2008).

Public organisations differ from private organisations in terms of ways of defining and achieving their goals. A private organisation’s main goal is profit, while for public organisations there may be multiple goals, such as efficiency, public accountability, honesty, openness, responsiveness to policy, fairness, due process, social equality, the criteria for the distribution of manufactured goods, and correct moral behaviour (Boyne, 1998; Rainey, 2014). Wirick (2009) and Pülmanis (2015) also note that public-sector projects do not have a single goal of profit maximisation as it is in private projects. The variety of goals may be due to the large number of stakeholders in public-sector projects (Mihăescu & Țapardel, 2013).

There is greater impact of red tape on the functioning of managers in the public sector than in the private one (Bozeman et al., 1992). Compliance with procedures in the public sector is considered one of the success factors. Research conducted in the project area in general confirms the results of analysis of general organisations. It may be concluded that public-sector projects are more bureaucratic than projects of other sectors.

The constraints resulting from the project-control process are more significant in the public sector. In the public sector oversight mechanisms overlap, for example, from regulatory bodies, audit offices, financial chambers, legislative bodies, and elected officials (Wirick, 2009).

Governance and management in the public sector are more precisely separated than in the private sector. Usually there are fewer decision gates in the public-sector than for private-sector projects (Williams et al., 2012). Due to the large number of stakeholders in public-sector projects, it is particularly important to establish and apply formal governance structures (Barkley, 2011; Kwak et al., 2014).

3.2. Scope management

In non-project, permanent organisations the scope is defined historically and/or by their statutes. Hence, scope management is more important for projects than for general organisations. There was little reason to analyse the differences between public and private organisations in the scope management area. One of the differences in this area identified at the organisation level is greater stability of production in the public sector than in the private one (Meier & O’Toole, 2011). A difference identified at the organisation level, which may be relevant to projects, is the greater complexity of work in the public sector (Boyne, 1998).

Each project has specific, originally defined needs and requirements. These requirements, due to the larger number of stakeholders of public-sector projects (section 4.10), may be varied, because they reflect the needs of a larger number of stakeholders. Specific for the project level is the difference of scope sizes: the public-sector projects are usually larger in size (Kwak et al., 2014) and the scope is more diverse (Shen et al., 2014). The project scope significantly changes over time (Pülmanis, 2015).

3.3. Cost management

Possession of an organisation by the government significantly affects the processes of budgeting and accounting (Rainey & Bozeman, 2000). Budgets of public organisations are approved by bodies external to them (Bretschneider, 1990). Usually there are no direct financial relationships between the service provider and the customer. The essential financial decisions related to revenues and incomes of public organisations are made outside of them. Public organisations tend to have higher unit prices than in the profit-oriented private sector (Spicker, 2009). Since public services rarely take into account customer preferences, the power of demand is minimised, the efficiency of resource allocation is lower in the public sector

than in the private sector (Rainey, 2014). Public customers less frequently delay their payments, which may suggest that they are less concerned with project finances than private customers (Bageis & Fortune, 2009). Generally, the public sector is less interested in the costs of projects than the private sector (Hasty et al., 2012).

3.4. Schedule management

Schedule – which should have a well-defined end – is more specific to projects than to other types of organisations. That is probably why researchers are less interested in schedule management and its inter-sectorial differences in organisations other than projects.

Public-sector projects are characterised by the long life-cycle of their products (Kwak et al., 2014). This is inconsistent with the projects' planning cycle, which may be shorter than in the private projects due to electoral cycles (Wirick, 2009). And this is also contrary to the generally longer duration of public-sector projects than of private ones (Hobbs & Aubry, 2008). Public-sector projects have the highest rate of schedule overruns (Zwikael, 2009).

3.5. Quality management

In public-sector organisations there often is no competition for the provision of services (e. g. penitentiary services, traffic regulation, granting of permits), which is not conducive to improving their quality (Boyne, 1998; Fottler, 1981; Meier & O'Toole, 2011). Still, in many developed countries some public services, e. g. those related to health or education, operate in a competitive environment. In this situation a competitive pressure, which may lead to improvements in quality, is present.

The lower quality of the staff of public organisations is not conducive to the quality of public-sector projects (Mouly & Sankaran, 2007). Regardless of that (or because of that), Kwak et al. (2014) suggest development of especially high quality-management processes for public-sector projects.

3.6. HR management

Numerous studies report lesser work involvement of public-sector workers than those of other sectors (Rainey et al., 1986; Boyne, 1998; Subramanian & Kruthika, 2012; Rainey, 2014). The lower involvement is accompanied by smaller external satisfaction from working in the public sector (Wang et al., 2012).

Public-sector employees are less vulnerable to external motivations (Buelens & Van den Broeck, 2007), they attach less weight to financial incentives (Rainey & Bozeman, 2000; Rainey et al., 1986; Rainey, 2014). Public-sector workers are motivated by achievements, and private-sector workers by power (Andersen, 2010). In the public sector the factors most motivating staff to work are stable, secure future, a chance to learn something new, and the opportunity to use special abilities (Jurkiewicz et al., 1998), the importance of public services, participating in the implementation of public policies, sacrifice for others, responsibility and integrity (Rainey & Bozeman, 2000); while in the private sector the prime motivating factors are high salary, the chance of being a leader, and the chance for promotion (Jurkiewicz et al., 1998).

Managers in the public sector do not have the appropriate authority to efficiently manage their personnel (Rainey & Bozeman, 2000). The charisma of leaders in the public organisations is more important than in the private sector (Fottler, 1981). Managers in private organisations have a greater variety of internal organisational activities, greater autonomy in terms of their application, and better options for use of the environment (Hvidman & Andersen, 2014). Executives in the public sector are less willing to delegate power (Rainey, 2014).

The lack of competitiveness of public organisations on the labour market, compared with private companies, results in a lower quality of staff in public-sector projects than in private ones (Mouly & Sankaran, 2007). Public-sector project managers concentrate on one project, while in the private sector they are interested in many projects implemented in one company

(Coster & Van Wijk, 2015). On the other hand, Werrick (2009) states that the long-term nature of employment in the public sector, resulting from the system of protection of civil servants and employment, results in turn in limited opportunities for creating and modifying project teams.

Because of many relationships existing between individuals and organisational units in the public sector, the need to define clear leadership and accountability rules is greater than in the private sector. As public-sector managers have fewer mandates than in the private sector, the choice of a project leader having both technical and political skills is particularly important (Cats-Baril & Thompson, 1995).

Possession of an organisation by the government significantly affects the processes of HR management (Rainey & Bozeman, 2000) as well as the behaviour of employees.

3.7. Communications management

Public organisations are more transparent, they transmit more information about their processes and decisions to their environments (Meier & O'Toole, 2011). Studies conducted in the public-sector have shown that clarity of objectives is positively correlated with the effectiveness of communications, both internally and externally. The higher level of red tape, which characterises the public sector, is associated with less effective communications. The impact of red tape on communications may be overcome by clarity of objectives and appropriate organisational culture (Pandey & Garnett, 2006).

Information about public-sector projects must be accessible to many stakeholders, especially to the public, and cannot be kept secret (Rosacker & Rosacker, 2010). At the same time, institutional barriers in public-sector projects make it difficult to share information (Ning, 2014).

Several differences between public-sector projects and other-sector projects in the communications area stem from variety of the stakeholders of public-sector projects.

3.8. Risk management

In public-sector organisations there is more emphasis than in the private sector on risk avoidance (Fottler, 1981). Public employees are more cautious (Rainey, 2014). The level of control is greater in public-sector organisations, and research has shown that managers in organisations with higher levels of internal control are less willing to take risks than in those where the level of control is lower. As noted above, the objectives of public organisations are less clearly defined than in the private sector, and managers whose goals are vaguely defined are less likely to take risks than those who have well-defined goals (Bozeman & Kingsley, 1998).

Public-sector projects are inherently risky, due to longer planning horizons and the more complex environment (Pülmanis, 2015). Therefore it is particularly important in the public sector to develop contingency plans and risk monitoring processes and then use those formal risk management processes (Kwak et al., 2014). Governance, management and contracts are considered the main sources of risks for large public-sector projects (Patanakul, 2014).

Penalties for non-compliance with regulatory restrictions and possible criticism from the political opposition cause negative risk attitudes in public-sector projects (Werrick 2009).

3.9. Procurement management

The primary characteristics distinguishing procurement in public-sector organisations from procurement in private-sector organisations is its formalisation. The government has significant impact on purchasing processes in public-sector organisations (Rainey & Bozeman, 2000).

Bid evaluation criteria are different in public-sector projects than in private projects (Bretschneider, 1990). The price criterion often plays the decisive role in public-sector projects (Fottler, 1981). The flexibility of the procurement process is smaller in public-sector projects than in other projects (Drew & Skitmore, 1997; Shen et al., 2004). This process is more complex in public-

sector projects than in private projects (Rahman & Kumaraswamy, 2004).

Due to the negative risk attitude in public organisations (Fottler, 1981), “off-the-shelf” solutions are, where possible, suggested for public-sector projects rather than the highly risky development of new products (Kwak et al., 2014).

The parties involved in public-sector projects are more constrained in the implementation of relational contracting because regulations prohibit certain behaviour by public officials, which makes it difficult to form relationships (Ling et al., 2013). Public-sector regulations often prohibit taking into account the history of previously completed contracts in the process of bid evaluation, which is natural in the private sector (Rahman & Kumaraswamy, 2004).

3.10. Stakeholder management

The external environment is an important sector differentiating factor (Bretschneider, 1990). Public-sector organisations, because of their social role, are subject to greater involvement of external authorities and interest groups (Rainey, 2014) and subject to more external influences than private firms (Torres & Pina, 2004). But the external environment of public organisations is more stable (Meier & O’Toole, 2011).

Formal constraints arising from supervision by legislators, the hierarchy of executive agencies, regulatory agencies and the courts apply to public-sector organisations (Rainey, 2014). These constraints apply to salaries, promotions and disciplinary actions in public-sector organisations (Rainey, 2014).

Public organisations have greater number of external sources of power and influence, involved in the process of governance (Rainey, 2014). Politics is a special area influencing public organisations (Spicker, 2009). Public organisations have to deal with a large variety and intensity of informal political influences. Political impact on public organisations is greater than on private ones, due to, *inter alia*, the need to raise funds

and mandates for action in a non-market way (Rainey, 2014).

The number of external interventions and interruptions imposed by external interest groups and by political factors is expected to be greater in public organisations than in private companies (Rainey, 2014). The set of options to block the influence of environment is greater in the public sector than in the private one. The utilisation of environment is more effective in the private sector, because private managers have more options for acting (Meier & O’Toole, 2011).

The researchers working at the project level mostly confirm results identified at the general organisational level. Public-sector projects have a greater number of stakeholders than private ones (Mihăescu & Țapardel, 2013; Kwak et al., 2014; Pülmanis, 2015). Public-sector projects are more exposed to external factors than private firms (Gomes et al, 2012). The most important public-sector project stakeholders are the communities for which these projects are performed (Wirick 2009), to which they are responsible and accountable (Mihăescu & Țapardel, 2013; Pülmanis, 2015). Other important project stakeholders include the legislators whose requirements must be met, as well as the projects’ shareholders (Kassel, 2010). Public-sector projects operate under media scrutiny (Wirick, 2009). A specific type of external stakeholders for public-sector projects are other public agencies (Kwak et al., 2014). The oversight mechanisms of the public sector, acting on many levels and having possibly conflicting interests, further increase the number of project stakeholders (Wirick, 2009).

The number of internal customers may be greater in public-sector projects than in private ones (Hobbs & Aubry, 2008). Public-sector projects require the co-operation and effectiveness of organisation beyond the project team (Wirick 2009). Due to the constraints resulting from regulations, the need to convince employees to change processes in public-sector projects is greater (Cats-Baril & Thompson, 1995).

Public-sector projects must in addition take into account the interests of politicians (Kwak et al.,

2014), who are not always familiar with project management (Pūlmanis, 2015). The political environment may be hostile to projects (Kassel, 2010). Public-sector projects are vulnerable to political changes (Kwak et al., 2014). Elected politicians and executives in the public sector have enough power to start, kill, or change projects (Dilts & Pence, 2006).

4. Summary and conclusions

In each of the analysed management areas there are differences between public-sector projects and projects of other sectors. Hence the generic model (Figure 5A), assuming that there are no differences between public-sector and other-sector projects, may be excluded from further consideration. Public-sector projects inherit the differences between public organisations and organisations of other sectors. There are four management areas in which these differences are especially significant. These are integration management, HR management, procurement management and stakeholder management. The differences regarding communications management area arise due to consequences of differences in the stakeholder management area. Less significant differences have been identified by researchers in the areas of cost management, risk management, quality management, scope management, and the schedule management.

The model in which differences exist in some areas and they are less observable in others (i.e. common processes, techniques and characteristics are relevant) is at the organisation level called the dimensional model (Figure 5C). So, the dimensional model of differences, and not the core one (Figure 3B), is relevant for the project level.

This dimensional model may be treated as a conceptual framework enabling discussion of the nature of public-sector projects, and the differences between these projects and other-sector projects. The framework has been verified by classifying literature from the projects differences area.

4.1. Theoretical implications

The theoretical implication of this framework is the possibility of further analysis of adequacy of adopting general differences between public organisations and organisations of other sectors at the project level. The analysis of existing literature shows also *terrae incognitae* of research on these differences. Are the differences in the quality management or scope management really less important, or has insufficient research been performed there? The other proposition is that, at least in research in the four management areas where the differences are more significant, the project sector should be regarded as an explanatory variable of studied phenomena. The influence – or lack of influence – of this variable could be the basis for further elaboration of a model for differences (if impact is identified) or general project management models (if the sector's impact would not be significant).

4.2. Practical implications

Pointing out the differences between the public-sector projects and other-sectors projects management areas is valuable for the project management teams as well as for the staff responsible for project management in public as well as in the other sector organisations.

In the area of integration management attention should be paid to the way of defining project goals. In public-sector projects financial issues are not necessarily critical, as they usually are in the private sector. Hence it is necessary to use project evaluation techniques based on non-financial parameters. As the public sector is driven by many procedures, regulations and guidelines, it is also necessary to emphasise there the importance of achieving goals – and not the very compliance with the procedures.

The making of public-sector project decisions by politicians in the public sector should be based on reliable data. In order to provide such data appropriate institutions and procedures should be

established, as several governments have done, e.g. the Independent Evaluation Office in India (IEO, 2016), the Quality on Entry procedure in Norway (NTNU 2013), and the OGC Gateway Process in the United Kingdom (OGC, 2007).

The processes of defining the scope of public-sector projects, due to the participation of a larger number of stakeholders than in private projects, are more complex than those of the private sector. Therefore these processes should be more precisely defined. The identifying of external stakeholders, included in the process of defining the scope of a project, should be a mandatory part of this process.

In public-sector projects, because decisions on allocating project budget are often made outside of the project performing organisation, and customers usually do not pay directly for project services, there is no direct mechanism of pressure on project costs. The way to overcome these problems may be performing independent audits and allowing for price competition by simultaneous provision of similar services by public and private-sector organisations and companies.

Factors that positively affect project delays (i.e. reduce them) in the public sector are, inter alia, co-ordination of the participation of stakeholders, the way of implementing changes by the owner during the project, and careful preparation of schedules and changes (Hwang et al., 2013).

The low quality of public-sector projects, often resulting from a low quality of project staff, can be improved by increasing salaries of project team members and particularly their managers. The hiring of Richard Granger in 2002 as the director for the implementation of the IT system for the National Health System with the highest salary among civil servants in Great Britain at that time (EHI, 2002) contributed to a significant improvement of the implementation process of that system (O'Dowd & Cross, 2007). Another way of quality management in the public sector may be the introduction of customer surveys assessing the quality of services provided by projects.

Motivation systems in the public sector should be aimed at internal rather than external incentives. When recruiting team members for public-sector projects their significance for the community should be emphasised and not material incentives. When recruiting project managers, because formally defined processes in the public sector usually limit the possibilities for formal activities, more attention should be paid to personality traits, in particular to leadership capabilities. Due to the diversity of stakeholders, it is important to employ managers with good negotiating skills. In order to ensure more involvement, the goals of the work should be defined more precisely, which will allow for a more precise assessment of their achievement.

Due to the large number of stakeholders in public-sector projects, good communication, both with internal and external stakeholders, is an important success factor for these projects. Information on the implementation of public-sector projects, unlike in the private sector, must be available to external stakeholders, based on FoI-type regulations (e. g. US Congress, 1966) or project implementation regulations (e. g. Congreso de la Nacion Argentina, 1999). Project teams must therefore create and publish relevant information about project implementation.

Public-sector projects are exposed to a different set of risks than projects in other sectors, e.g. political risks, risks related to the participation of public stakeholders and risks stemming from public regulations. The managers of public-sector projects are subject to greater control and therefore they are not willing to take risks (Bozeman & Kingsley, 1998). At the same time, these projects, due to their longer duration, are subject to greater risks. This can lead to hiding and not reporting project risks. The way to overcome this problem should be independent reviews of project plans, performed in order to, inter alia, identify risks (Integrated Baseline Review, IBR, GSA et al, 2005).

Excessive formalisation of public sector purchases seems to be their inherent feature. The way to overcome this problem is to create, at the level

of the project-implementing institution, a well-trained, specialised purchasing team, supporting project procurement processes. At the regulatory level, non-price criteria should be allowed or enforced, and the history of co-operation with tenderers should be taken into account.

The number and importance of stakeholders means that stakeholder management is one of the most important areas of public-sector project management and should use proven techniques, such as stakeholder analysis or stakeholder circle (Bourne & Walker, 2008). It is desirable to involve the most important stakeholders in project management bodies. It is particularly important to involve stakeholders in the process of project definition and assessment of its effects (Peled & Dvir, 2012).

Many practical conclusions can be drawn from the presented considerations. Project-implementing organisations should prepare different courses of training for their project management personnel than permanent organisations.

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Divide your article into clearly defined sections in the following format:

Research articles	Theoretical articles
1. Introduction State the objectives of the work and provide an adequate background, avoiding a detailed literature survey or a summary of the results.	
2. Literature review or 2. Literature review and hypotheses development A literature survey, revealing all important authors dealing with the topic of the article.	2. Material and methods – including goals, and research methods . Provide how the literature was selected to analysis. Methods of analysis should be described.
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4. Results and discussion Results should be clear and concise. Discussion should explore the significance of the results of the work, not repeat them.	4. Discussion Discussion should explore the significance of the results of the work, not repeat them.
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Authors must supply a **structured abstract** on the **Article Title Page**, set out under the following sub-headings:

- **Objectives**
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 - Research article
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The title, authors, abstract together with the suggested citation cannot take more than one page, please pay a special attention to fit it to one full page.

Technical Issues

Text

1. **Bullets and Numbering** are accepted only in two formats:

<i>Bullets:</i>	<i>Numbering:</i>
– Poland,	1. Poland,
– UK,	2. UK,
– USA,	3. USA,
– Scotland.	4. Scotland.

Use comma (,) after each line of bullets/numbering, and dot (.) after the last one. In most cases please use bullets instead of numbering!

Use each line with the small letter:

<i>Bullets:</i>
– There are three factors (Smith, 1999, p. 2):
– education,
– training,
– consulting.

For full sentences, use (.) after each line and start with the capital letter.

Numbering:

Following Smith (2014, p. 22) we applied the following procedures:

1. Execution of the significance test for individual random effects, allowing to choose between the pooled model, and the model with fixed effects (FE).
2. Execution of the BP test, allowing to choose between the pooled model, and the model with random effects (RE).
3. Execution of the Hausman test, allowing to choose between the FE model and RE.

Please remember to provide with references for each bullets and/or numbering before, not after them!

Other Editorial Requirements

2. Non-English words (including Latin) should be in *italics*.
3. Authors are requested to limit formatting commands to **bold** to the necessary minimum.
4. Authors are requested **not** to use underline words at all
5. To enclose a quotation use single quotation marks, so use ‘quotation’ not “quotation”.
6. Commas and periods go outside closing quotation marks.
7. Please, use high and honest standards for authorship!
 - a. If you are referring to the literature you haven’t reached directly and have read it somewhere else, please mention where it was quoted originally: e.g. (Smith, 1976, p. 22) as cited in (Lincoln, 2012, p. 12)
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Data Sources:

8. Please remember to provide with the detailed source for each data you refer to!
e.g. The population of Poland is 38 533 299 inhabitants (GUS, 2014, p. 4).
9. Never use general source (e.g. Eurostat), but make it as detailed and clear as it is possible, (GUS, 2014, p. 4); (Eurostat, htec_trd_tot4) – where ‘htec_trd_tot4’ is the code – used by Eurostat – to identify the exact data you refer to.

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	Original language	Latin alphabet (to be used in the article)
Japanese	経済学	Keizai-gaku
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Ukrainian	Підприємництво	Pidpriemnytstvo

Graphics and Tables

1. All Tables/Figures should be numbered in Arabic Numerals (Table 1) and should appear in the body of the manuscript (Figure 1).
2. Please number all figures as Figure 1, Figure 2 etc. (don't use different names for graphs, schemes, maps, diagrams, charts, line drawings, etc.)
3. Tables/Figures should have their titles according to the rule ‘**What/Who + where + when**’ (e.g. **Table 1. Inflation rate in the European Union in the years 2004–2010**).
4. All table numbers and titles should appear above each table.
5. The numbers, titles of sources of all figures should be provided below each figure.
6. Tables/Figures should be **editable**, Tables must be prepared in MS Word (file format: doc or docx) and MS Excel (file format: xls orxlsx). Figures should **be editable** (MS Visio, Corel Draw, MS Word Drawing Module).
7. Tables/Figures should fit the Journal page – they cannot exceed the size **15.0x21.00 cm (150x210 mm)**
8. At the bottom of each Table/Figure should be indicated the source from which it was taken, or information that it is developed by author.

For your own original ideas and concepts:

Source: own elaboration.

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9. Always mention the measures (e.g. in %, in USD).
10. For empirical surveys always provide the sampling size (e.g. $n = 650$)
Please note, that we use N for the whole population and n for the sample.
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 - b. Other graphics: source file (MS Visio, Corel Draw, we also accept MS Word but only with the module of drawing!).
16. Authors may include graphs prepared using other software (e.g., Corel Draw, Statistica, Stata, SPSS, Harvard Graphics) provided they are with the module of drawing/editing (for example "wmf" or "eps" format, with all the necessary fonts included).
17. Please align the numeric values in the tables to the right and use a uniform number of decimal places in the data presented in the tables and graphs (we advise max. 3 places after dot, e.g. 1.000, please don't use 0.0011111).

Numbers, Formulas and Calculations

Mathematical formulas recommendations

1. Mathematical dependences, their notations in the text and other symbols should be typed in **MS Word 2010 – The Equation Tools Design Tab**:

The Equation Tools Design Tab



The *Equation Tools Design* tab is divided into three groups: *Tools*, *Symbols* and *Structures*.

2. Formulas are centred and numbered by Arabic numerals in round brackets and aligned right – **all formulas must be numbered**, e.g. (1), at the right side. There should be single spacing of one line between the formula and the text.

$$\min \rho = 1 - \frac{1}{m} \sum_{i=1}^m s_{\bar{i}} / x_{i0} \quad (1)$$

$$X = \begin{bmatrix} x_{11} & x_{12} & \dots & x_{1n} \\ x_{21} & x_{22} & \dots & x_{2n} \\ \cdot & \cdot & \dots & \cdot \\ x_{m1} & x_{m2} & \dots & x_{mn} \end{bmatrix}, Y = \begin{bmatrix} y_{11} & y_{12} & \dots & y_{1n} \\ y_{21} & y_{22} & \dots & y_{2n} \\ \cdot & \cdot & \cdot & \cdot \\ y_{m1} & y_{m2} & \dots & y_{mn} \end{bmatrix} \quad (2)$$

3. Matrices are written in square brackets, vectors by bold-regular typeface.
4. All the numerals, including index numbers, are presented in regular typeface.
5. Work with a large number of formulas to be prepared as follows:
 - simple formulas (one-level) typed with keyboard,
 - complex formulas, (multi-level) should be entered using the equation tools design tab.

Mathematical numbers and money

6. Use New British English (i.e. American English) for numbers:

a thousand million (10^9) is a billion

(not ‘a milliard’ as it used to be in Old British English!).

For details please see: <http://mathworld.wolfram.com/Milliard.html>

7. **DO NOT** use dots to separate thousands, millions, etc. (e.g. 32 046; 45 263 721; 741 592 438 526).
8. Numbers till 10 are usually best written as full words (one, two, three etc.). 11+ would be written as numbers. There’s no strict rule on this: 11–20 may often also be written as words, but 21+ would almost always be put down as numbers. Be consistent over this: don’t sometimes write twenty but in other places 20.
9. **Money**
 - a) Do not use graphic signs for currencies. Always use international codes (e.g. USD – American dollar, GBP – pound sterling, EUR – euro, PLN – Polish zloty, LTL – Lithuanian litas, RUB – Russian rouble).
 - b) The currency codes placed after the numerical value: 4.99 EUR, 100 USD etc. Always make clear what currency you’re referring to.
 - c) Millions are often abbreviated to m. – for example:
7m EUR = 7 million EUR
4.7m USD = 4.7 million USD.
However, we advise to use full names (million, billion ...)

Final Remarks at the End of the Article

- All submissions must include:
name/degree/title/affiliation,
corresponding address to ALL authors.
- **We follow good practice in science and research statement** including:
 - contribution share of authors for *co-authored articles only*,
 - financial disclosure stating all agencies, sponsors or other supporters,
 - revealing all authors and/or contributors supporting the article,
(we applied rules against guest-writing),
 - acknowledgements in order to thank to all people supporting the article
 - (e.g. all who have contributed to the current state of the article).

...: REFERENCES :..

References Quality and Quantity

1. The bibliography **must include more than 10** scientific references.
2. The bibliography **must include at least 4 references indexed in Web of Science.**
3. Recent studies published for last five years must be included in references.
4. **Other than English literature should be kept to the minimum.** We advise to use no more than 20% of references written in non-English languages (unless the country-specific article). Articles based only on Your own domestic literature (in your native language, not English) will be rejected.

Reference Style

Please use APA style for referring literature.

For detailed guidelines visit: http://www.lib.usm.edu/help/style_guides/apa.html

Text: All citations in the text should refer to:

5. *Single author:* the author's name (without initials, unless there is ambiguity) and the year of publication (Smith, 2017);
6. *Two authors:* both authors' names and the year of publication, as demonstrated (Alan & Jones, 2010); but in the sentence: Alan and Jones (2010) proved
7. *Three or more authors:* first author's name followed by "et al." and the year of publication. Citations may be made directly (or parenthetically). Put semicolons (;) between multiple works cited.

Groups of references should be listed first alphabetically, then chronologically. Examples: "as demonstrated (Allan, 1996a, 1996b, 1999; Allan & Jones, 1995). Kramer *et al.* (2000) have recently shown"

List: References should be arranged first alphabetically and then further sorted chronologically if necessary. More than one reference from the same author(s) in the same year must be identified by the letters "a", "b", "c", etc., placed after the year of publication.

Reference to a journal publication without DOI:

Author, A. (Publication Year). Article title. *Periodical Title*, Volume(Issue), pp.–pp.

Examples:

Ku, G. (2008). Learning to de-escalate: The effects of regret in escalation of commitment. *Organizational Behavior and Human Decision Processes*, 105(2), 221–232.

Sanchez, D., & King-Toler, E. (2007). Addressing disparities consultation and outreach strategies for university settings. *Consulting Psychology Journal: Practice and Research*, 59(4), 286–295.

Reference to a journal publication with DOI:

Author, A. (Publication Year). Article title. *Periodical Title*, Volume(Issue), pp.–pp. <https://doi.org/XX.XXXXX>

Example:

Chrabąszcz, R., & Zawicki, M. (2016). The evolution of multi-level governance: The perspective on EU anti-crisis policy in Southern-European Eurozone states. *Public Governance*, 4(38), 17–31. <https://doi.org/10.15678/ZP.2016.38.4.02>

Reference to a book:

Kidder, T. (1981). *The soul of a new machine*. Boston, MA: Little, Brown & Company.

Gibbs, J. T., & Huang, L. N. (Eds.). (2001). *Children of color: Psychological interventions with culturally diverse youth*. San Francisco, CA: Jossey-Bass.

Reference to a chapter in an edited book:

Labajo, J. (2003). Body and voice: The construction of gender in flamenco. In T. Magrini (Ed.), *Music and gender: perspectives from the Mediterranean* (pp. 67-86). Chicago, IL: University of Chicago Press.

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