

Level and Structure of Institutional potential at Local Government Units in Poland

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Abstract.

The article presents the institutional analytical method that allows a comprehensive assessment of the level of public management in IX key areas and 20 specific criteria. It was used to present the institutional potential structure and to assess the level of institutional development in selected municipal offices in Poland. The results of pilot studies have shown that the institutional potential of the studied municipal offices is low and comes down to activities related to the preparation of procedures necessary to achieve public goals. Raising institutional potential is related to the development and implementation of procedures supporting the functioning of management areas in local government units. System support should be associated with the comprehensive implementation of evaluation and monitoring of the office's activities as well as actions improving its functioning.

Keywords: institutional potential; local government unit; local administration

1. Introduction

The New Public Management (NPM) was a set of reform paradigm introduced by many Anglo-Saxon countries starting from the late 1970s. In Europe, based on European Union funds, its principles rather became a benchmark for gauging administrative economy, efficiency, and effectiveness. This is important from the perspective of bridging development differences (Stec et al., 2014)

Currently, local government units, like all other organizations, operate in a rapidly changing and unpredictable environment. This environment creates external conditions in the form of opportunities and threats that support or hinder development. Municipality as a selfgoverning community of residents is the basic organizational form of local public life in Poland. Its main aim is to meet the collective needs of local community, so creating the best living environment for inhabitants. Municipal offices operate according to the specific legal frameworks that define their tasks and responsibilities (Shafritz et al., 2016; Andriof & Waddock, 2017). Implementing acts describe the procedures that are used in realizing of appointed goals. However, besides applying the procedures municipality office, together with inhabitants and other stakeholders, undertakes objectives necessary for regional or local development (Valencia 2019). The local administration plays an important role in achieving a high level of development by particular community. From its actions and responses to the expectations expressed by the society, economic environment or other stakeholders depend effect and place of individual within other units of the same level.

Since 2000, the European community is actively looking for tools and methods that will not only allow for a diagnosis of the state of development of processes of public administration but also will raise the quality of its functioning and trends indicate further improvement. In subsequent programming periods, various initiatives were taken in Poland. Government initiatives such as the Institutional Development Program (IDP) launched in 2001 under the Rural Development Program and the operational priorities of the public administration, such as the Human Capital Operational Program 2007-2013, have been implemented under Priority V - Good Governance. The directions of improvement were mainly related to the improvement of the quality of office work (CAF methodology). In this time in Poland base domestic experiences and searches for optimal solutions in the area of well-functioning administration, Institutional Development Program (IDP) concept was created. This project was created at Małopolska School of Public Administration in Krakow, with the participation of Canadian experts from Canadian Urban Institute in Toronto. As a result of IDP conducted by the Ministry of Internal Affairs and Administration in 2001-2004, instruments and tools were used to diagnose, plan and implement institutional solutions in government, local and regional administration units. Institutional analysis (IA) was developed as a tool used for diagnosis of a level of institutional development for the purpose of gaining knowledge about the development of a specific organisation in order to plan changes or improve its functioning.

The purpose of the study is to indicate the level and structure of institutional potential at local government units in Poland using the Institutional Analysis (IA) method. In the first part of the article, we defined the concept of institutional potential and indicated its main areas referring to the methodology of institutional analysis. Detailed areas and criteria of public management assessment were indicated. Then, the methodology of office evaluation was presented, using institutional analysis focusing on two dimensions: evaluation of individual areas and criteria, and evaluation of key development planes. Finally, the results of the research carried out in 12 local government units in the Podkarpackie and the conclusions are presented.

2. The institutional potential at local government units

In the literature on the subject, the concept of institutional potential of a public administration unit is most often defined in a descriptive manner, taking into account various areas of the office's functioning (Mazur 2004), indicating its certain features, which are still valid today, for example: ability to strategic management (Steiss, 2019); organizational structures and operating procedures to achieve strategic goals (Cordella & Tempini, 2015); effective human resource management mechanisms (Arnaboldi et al., 2015); provision of public services based on appropriate standards and cost assessment (Lake & Baum, 2001; Batley & McLoughlin, 2015); efficient communication system with the local community and mechanisms of its involvement in managing local affairs (Berti & Mulligan 2016); ability to create frameworks and conditions to support local entrepreneurship (Jelonek et al., 2015; Ellis & Bosworth, 2015; Clayton et al., 2018); transparent operating procedures (Stazyk & Davis 2015; da Cruz et al., 2016). Similarly, institutional potential is defined by Bhagaran and Virgin (2004) defining it as the ability to perform functions and tasks by a public organization based on its resources (human, financial, technical and information) and the structures needed to use them.

The operational definition of the institutional potential of the commune office adopted in the article was defined as the configuration of the office's capabilities and abilities to implement the tasks imposed on it, contained in the resources held by that office and its skilful use in order to achieve the highest efficiency. The management areas that are part of the institutional analysis methodology of the commune office are best suited to the above definition, hence this approach has been used here.

This institutional analysis covers various areas of management and functioning of the office that can be used to increase the efficiency of this type of organization (Grzebyk & Pierscieniak 2015). Considering these premises, the institutional potential of the commune office will include the management areas listed in the institutional analysis as its components (Table 1).

In the process of knowledge development, the flat concept of assessment of the IX dimensions of the IA has been improved by identifying four main management planes. Individual management areas of similar importance for the efficiency or effectiveness of internal activities of a given office were combined in the platform functioning, of the local government unit (Pierscieniak & Grzebyk 2014), which include:

- development platform, which consists of two areas: *Strategic and financial management (I) and Stimulating economic development (VI)*. From the perspective of strategic and financial management, these are activities carried out in the office aimed at preparing the concept and strategic documentation as well as financial management mechanisms. In turn, as part of stimulating economic development, the analysis includes activities supporting the increase in economic activity and employment, i.e. these are development-oriented activities. The platform defined in this way will allow an analysis of the commune office in terms of increasing the efficiency of strategic management and increase in the efficiency of development-oriented activities.
- administrative activity platform, which covers the area of *Organization and functioning of the office (II) Project management (VII)*. These are areas directly related to the administrative activities of the office, allowing the recognition of the institutional level in the area of process efficiency and project efficiency.
- good public service platform, which is created by two other areas of management, i.e. *Public services, including communal services (IV) and Human Resources Management (III)*. The design of this plane will allow it to be diagnosed in the dimensions of the efficiency of public services and the staff involved in their implementation.
- cooperation platform based on the next two management areas, namely *Social participation and stimulation of development (V) and Collaboration between units of territorial self-government (VIII)*. On this platform you can diagnose the efficiency of the office in involving the local community in solving and undertaking key decisions regarding them and obtaining funds or other external support.

Ethics and prevention of corruption (IX) is considered to apply to all of these areas. In a modern office, every activity or behaviour of employees should be in accordance with the standards, rules of behaviour adopted for a given institution and taking into account socially accepted standards.

3. Institutional Analysis method

The institutional analysis method is one of the first concepts that allows for comprehensive assessment of management dimensions that identify the entire process from strategic aspects to ethical elements. This methodology was developed in 2004 as part of the "Institutional Development Program" (PRI) and is part of the government's "Rural Development Program" (PAOW). Institutional Development Plan (IDP) was developed as a tool used for diagnosis of a level of institutional development for the purpose of gaining knowledge about the development of a specific organisation in order to plan changes or improve its functioning. Prepared for a commune office, it helps to diagnose the institutional potential of a specific commune. The main assumption of the programme was a belief that a key factor good for development of local offices is an efficient self-governing administration, which initiates and supports activities to modernise communes. This programme supports an idea of building a modern public administration according to the governance concept.

Main areas identified in IDP and diagnosed in IA, which are evaluated, are as follows (Zawicki & Mazur, 2004):

- I. Strategic and financial management (4 management criteria),
- II. Organization and functioning of the office (3 management criteria),
- III. Human Resources Management (3 management criteria)
- IV. Public services, including communal services (3 management criteria),
- V. Social participation and stimulation of development (3 management criteria),
- VI. Stimulating economic development (no specific criteria),
- VII. Project management (no specific criteria),
- VIII. Collaboration between units of territorial self-government (no specific criteria) and IX. Ethics and prevention of corruption (no specific criteria).

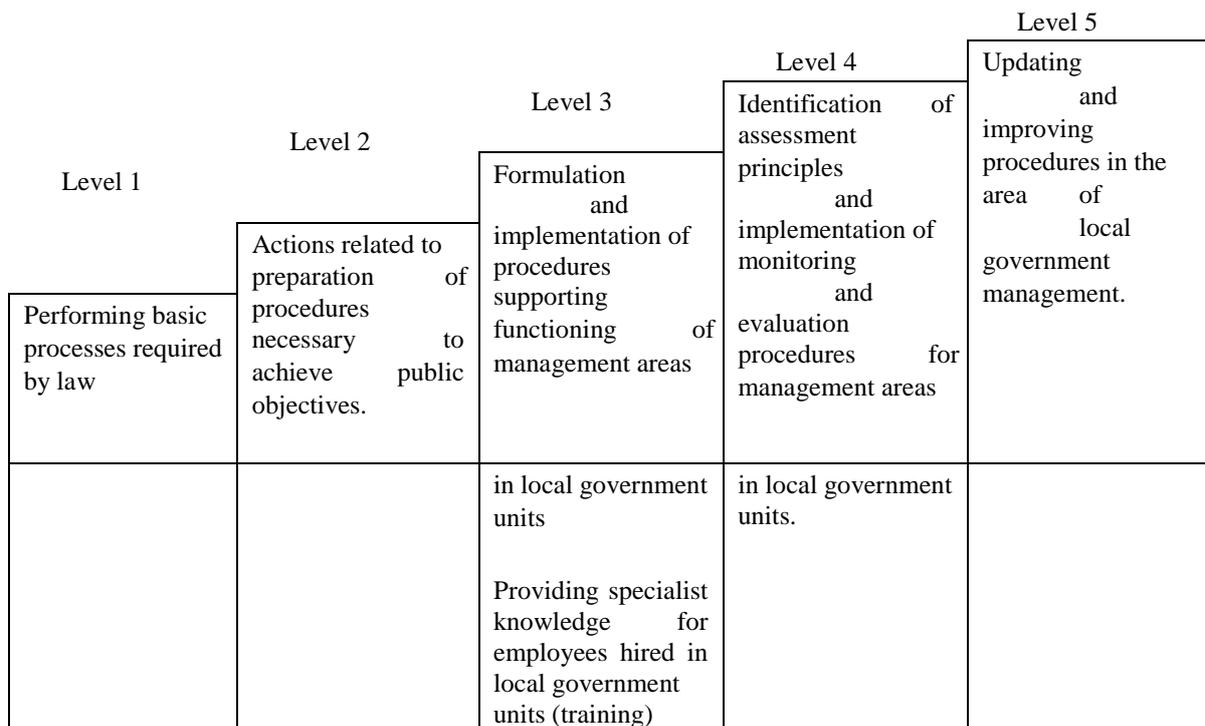
The level of development of respective areas of local office's functioning is in case of institutional analysis identified on a 5 point scale and relates to an evaluation of management tools connected to a defined area. The evaluation of each phase of development is done by employing the appropriate management criteria characteristic to a given area. Level 1 is the lowest and can be achieved by every local office. The authors of IA assumed that being on this level, local offices do not use any managerial tools appropriate for a given area or they barely employ them. Phases 2, 3 and 4 are the subsequent points characterising each level of development, which gradually moves on from strictly bureaucratic, task phase through a procedure phase, to an active participation phase (labour or social depending on the criteria). Phase no. 5 is a phase of institutional perfection where self-improvement processes play the important role – these are conscious negotiations and updates of managerial tools. Phases from 2 to 5 include conditions gradually more difficult to achieve, presenting a potential way for institutional development for a given institution. Managerial criteria formulated on cumulative rule mean that a higher level of development obliges to fulfil all the preconditions for a present phase and all preconditions defined for earlier phases. Specially prepared diagnostic questionnaires are used for the analysis.

Diagnostic questionnaire was used to evaluate the level of institutional potential through verification of preconditions defined for each development phase within a given managerial area. These conditions were formulated in such a way to provide an explicit answer YES or NO. Diagnostic questionnaire seems to be complicated for the outsiders, but it was easy to complete for people employed in local office having knowledge regarding its functioning. It must be mentioned that the extensiveness of the subject made the questionnaire time-consuming and it had to be divided into parts that were completed by competent people working in local office, assigned to a given area (Zawicki & Mazur, 2004).

A result of an analysis is to determine a level of institutional development achieved by a given local office. An important research area on the usage of process management in public administration seems to be the development of a system for assessing the effectiveness of applied processes. The starting point here should be settlement of advancement level in individual public administration offices. Diagnosis made using Institutional Analysis methodology can be the starting point for assessing the actions of local government units in terms of improving identified processes. Improvement model in detail is presented in figure

1.

Figure 1: Model of management areas improvement in local self-government units developed based on Institutional Analysis methodology



Source: own study based on Institutional Analysis Methodology. See: Zawicki M, Mazur S. (red.) *Analiza instytucjonalna urzędu gminy – poradnik dla samorządów*, wydanie II, wyd. WSAP AE w Krakowie, Kraków 2004, s. 15-96.

Institutional analysis helps to determine in which phase of institutional development the local office is within individual managerial criteria and which factors should be implemented in order to improve its institutional potential (Zawicki & Mazur, 2004). Diagnosis of a level of development of each area of organisation is an indicator of the efficiency of its structures appointed to realise the objectives directed, in case of a local office, to improve inhabitants' quality of life and local development.

The general level of institutional potential of the surveyed commune offices we determined the most likely value of the level of development of individual management areas (from I to IX) and 20 criteria.

Research was conducted in the summer time of 2018 in one of 16-in voivodeships in Poland. Podkarpackie is located in the south-eastern part of Poland, bordering on east with Ukraine, and on south with Slovakia. Taking into account country location, province from the north-east borders with Lubelskie Voivodeship, from the north-west with Świętokrzyskie Voivodeship and from the west-south with Małopolskie Voivodeship.

In administrative terms, voivodship is divided into 160 communes, including 110 rural communes, 34 urban-rural and 16 urban municipalities, including 4 cities with poviats rights (Rzeszów, Krosno, Tarnobrzeg, Przemyśl). These cities were excluded from the studies due to their significantly higher levels of socio-economic development. The capital of the province and the largest urban center is Rzeszów with approx. 180,000 inhabitants. The research was conducted in all, 12 local governance units of Podkarpackie Voivodeship: Dębica, Dynów, Jarosław, Jasło, Leżajsk, Lubaczów, Łańcut, Mielec, Przeworsk, Radymno, Sanok and Stalowa Wola.

4. Results analysis

The interpretation of the result in relation to areas I Strategic and financial management allows to conclude that in most of the examined communes in this area there is a lack of monitoring and evaluation of the strategy, in some communes the development of the strategy took place without the participation of partners. Almost half of the municipalities do not update the multiannual plan annually. Residents are not involved in developing the investment evaluation procedure. Most of the surveyed municipalities prepare a performance budget, but there are no procedures for monitoring and assessing performance of tasks using performance indicators. Completing tasks is not always connected with salaries.

Analyzing areas II Organization and functioning of the municipal office it is worth noting that the criterion level increases to 3. This means that the surveyed offices do well in assigning employees to detailed scopes of activities, identification of processes carried out in the office or determining the principles of information exchange. The deficiencies in the functioning of the office occur in the area of monitoring and improving, and adjusting existing procedures to new challenges and needs.

In areas III Human Resources Management, the most advanced is the employee recruitment system, which most often takes level 3.

In criterion 9 (employee evaluation and promotion system) the most commonly identified level is 2. The imperfection of institutional development in this area concerns the lack of training for related employees and the promotion of the office staff. Similarly, level 2 was identified in most offices in criterion 10 (training system and professional performance). In this element of development, a significant shortcoming is the lack of evaluation of training effectiveness, which occurs in approximately 70% of offices.

In the area of IV Public service, including communal services, the most developed is criterion 12 (planning of providing public service), which received a grade of 3.

The other criteria of analysis in this area are at the level of development 2. This means that in the examined offices less than 7 types of services are standardized and that municipal offices do not sufficiently monitor the services provided in the direction of their improvement. A detailed analysis of the analyzed criterias shows that the most developed areas are V, in particular criterion 15 cooperation with non-governmental organization. Obtaining the index at level 4 proves that the cooperation procedures have been refined not only in the area of designated areas but also in activities and monitoring. However, the offices lack analyzes

related to extending cooperation and procedures for improving it. Another above-mentioned criterion in this area is 16 (support for social initiatives), in which the majority of offices set out elements of the initiative support system. Most offices formulated detailed regulations in the scope of supporting initiatives, such as, for example, priority areas of support, template forms and the amount of funds. However, there is a lack of proper monitoring and improvement of the social initiatives support system. The last criterion in this area 14 (communication and social participants) is at level 2. It follows that the surveyed offices efficiently inform residents about what the commune office is doing, but they are not always trying to get their opinions on

the implemented activities e.g. satisfaction is not tested, social consultations are not carried out on matters important to the commune.

Table 1: Value of public management areas based on the IA methodology

Areas	Average value of each area	Number and name of criterion	The level of achieved efficiency index
I.Strategic and financial management	2	1.Strategic planning	2
		2. Perspective assessment of financial situation	2
		3. Long-term investment planning	2
		4. Annual financial planning, monitoring and evaluation of plans execution	2
II.Organization and functioning of the municipality office	3	5. Division of decision powers and responsibility	3
		6. Process management	3
		7. Effectiveness of internal communication	3
III.Human Resources Management	2	8.Staff recruitment system	3
		9. Employee evaluation and promotion system	2
		10.Training system and professional performance	2
IV.Public services, including communal services	2	11. Public service standards	2
		12. Planning of providing public services	3
		13. Improvements in providing public service	2
	3	14. Communication and social participation	2

V.Social participation and stimulation of development		15. Cooperation with non-governmental organizations	4
		16. Support for social initiatives	3
VI.Stimulating economic development	2	17. Stimulating economic development	2
VII.Project management	2	18. Project management system	2
XIII.Collaboration between units of territorial selfgovernment	3	19. Implementing projects in collaboration with other units of local selfgovernment	3
IX.Ethics and prevention of corruption	2	20.Shaping ethical attitudes	2

Source: own elaboration based on Zawicki M., Mazur S. 2004. Analiza instytucjonalna urzędu gminy-poradnik dla samorządowców. Cracow: Economic University of Cracow Press.

The remaining one-dimensional areas mostly reached the average level of institutional development for the examined group 2. The exception in this group is criterion XIII (collaboration between units of territorial self-government), which has reached level 3. This is due to the adjustment of the commune's activities to the environmental conditions, in which activities in cooperation with other entities are rewarded.

When analyzing from the perspective of the platforms of the commune office, it can be seen that the cooperation platform is the most developed. The examined commune offices have the potential for cooperation at level 3, i.e. they not only take actions related to the implementation of external cooperation with residents or other offices, but also have developed and implemented procedures supporting the functioning of this platform.

5. Conclusions

Local administration is an institution responsible for running developmental processes in a commune. Local office by constant monitoring of things happening in a commune becomes responsible for development of the subordinated territory. The analysis of the local office's institutional potential and its territories allows for paying attention to the determinants of efficient functioning of this kind of organisation, i.e. to these managerial areas, the so-called bottlenecks, which require changes in their activity. These changes can be an important condition for correct and effective decision-making and such in particular are the basis for undertaking various activities by introducing facilities in the ways of municipal offices functioning.

Analyzing the results obtained, it can be seen that, overall, the level of institutional development of the surveyed municipalities is low. Mostly, it can be assigned a maximum of 2. It proves that the examined offices have mastered the actions related to preparation of procedures necessary to achieve public objectives. In most criteria, the problem is the formulation and implementation of procedures supporting functioning of management areas in local government units and providing specialist knowledge for employees hired in local

government units (training) which is crucial for achieving level 3. Based on the research, it can be concluded that the system lacks mechanisms to mobilize offices to monitor and evaluate their activities towards their improvement.

Conducted research and obtained results may, in author's opinion, contribute to similar analyses in the future and become subjects of interest of cognitive, research as well as implementation studies.

Information regarding the level of local office's institutional potential may help the local authorities to really evaluate a socio-economic situation of a given commune. It will allow for comparison of a given commune to other units from the same rank and become a basis to improve local policy, to implement the appropriate changes, including institutional, or they can be used to prepare suitable programmes and actions of strategic nature.

The results of institutional analysis can be treated as the first step in assessing the degree of institutional development of the commune office and can be an introduction to further indepth analyzes.

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