

Akademia Nauk Stosowanych w Nowym Sączu

STUDIA EKONOMICZNE
Gospodarka • Społeczeństwo • Środowisko

(ECONOMIC STUDIES. Economy • Society • Environment)

No. 2/2024 (14)

Nowy Sącz, December 2024

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Nowy Sącz 2024

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ISSN 2544-6916

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Contents

In remembrance of Professor Tadeusz Kudłacz	5
Janusz REICHEL	
Remarks on the direction of changes in the forms of money.....	9
Wojciech FILL	
The problem of the proportionality of return decisions issued in accordance with article 207 of the public finance act – a comment on the judgement of the supreme administrative court from 8 MAY 2024 and GSK 906/20	21
Marzena PISZCZEK	
Polish deal policy and ITS impact on the financial independence of Polish municipalities in the years 2018-2023	31
Barbara PORĘBSKA	
Effectiveness of performance budgeting in education	48
Anna Xymena MAJKRZAK	
The role of the brand in purchasing processes: from consumer awareness to loyalty	61
Teresa MYJAK	
Education towards the requirements of the labour market	72
REVIEW OF NEW PUBLICATIONS	81
About the authors.....	88
Conclusions from the scientific conferences	90

In remembrance of Professor Tadeusz Kudłacz



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On Thursday, October 3, 2024, Professor Tadeusz Kudłacz received the appointment to the post of Head of the Department of Entrepreneurship and Innovation at the Faculty of Economic Sciences from the Rector of the University of Applied Sciences in Nowy Sącz. As usually, he was bristling with energy, looking forward to the start of the new academic year and the new teaching and scientific challenges waiting ahead. Unfortunately, on Monday, October 7, we received devastating news: professor Tadeusz Kudłacz suddenly died in his family home in Kraków.

Since 2000 professor Tadeusz Kudłacz has been continuously associated with the University of Applied Sciences in Nowy Sącz, and since 2007 he has served as Director of the Institute of Economics and then Dean of the Faculty of Economic Sciences. He was the supervisor of countless bachelor's and master's theses, and a scientific supervisor of our University's employees, who defended their doctoral theses under his supervision or with his substantive support. He never refused help to anyone: he was cordial, yet demanding, which additionally motivated all his collaborators to develop scientifically. Thanks to his efforts, the scientific journal "STUDIA EKONOMICZNE. Gospodarka • Społeczeństwo • Środowisko" ["ECONOMIC STUDIES. Economy • Society • Environment"] was created, of which he was the Editor-in-Chief, and his pride was the modern building of the Faculty of Economic Sciences, which was put into use in 2022.

It is worth adding that under his scientific auspices, the Sądecka Foundation's ranking "Ocena Aktywności Gmin Subregionu Sądeckiego [Assessment of the Activity of the Municipalities of the Sądecki Subregion]" was developed, which is a valued publication in the region. The ranking analyses the financial condition of 39 local government units from the following counties: Nowy Sącz (including city of Nowy Sącz), Limanowa and Gorlice.

Neil Armstrong said, "I believe that every human being has a finite number of heartbeats. I'm not going to waste any of mine". Professor Tadeusz Kudłacz was undeniably one of those people who did not let a single heartbeat go to waste, he was dedicated to science, carried a sense of mission and purpose, was open to the world and broadening its horizons, always ready and motivated to work. He saw potential in others and didn't let it go to waste. He fought for what was right and important, he was not afraid to take on difficult challenges, he cared more about the justice of the cause and achieving a common goal than about his image. He was the "father" of many projects, but he never claimed any due honors or glory, focusing on the success of the project rather than his own person. We will remember him as a mentor who held his own opinion and was not afraid to express it, who spoke on behalf of the Faculty and the University, and always fought for their development.

Professor Tadeusz Kudłacz (born 1949) was the author of over one hundred and seventy valued scientific papers and numerous expert opinions prepared for public authorities in the field of regional and local policy and development strategies. Professor's scientific career was associated with the Cracow University of Economics and our University of Applied Sciences in Nowy Sącz. He was a co-founder and long-time chairman of the Task Force of the Committee for Spatial Development of the Country of the Polish Academy of Sciences for the field of Spatial Economy and the instigator of the Union of Universities for the Development of Fields of Study in the Field of Spatial Economy. He served as Chairman of the Scientific Council of the Institute of Urban Development, was a Member of the Presidium of the Committee for Spatial Development of the Country of the Polish Academy of Sciences, and Chairman of the Executive Team of the Union of Universities for the Development of Fields of Study in the Field of Spatial Management.

Wspomnienie o Profesorze Tadeuszu Kudłaczu

Jeszcze w czwartek 3 października 2024 roku Profesor odbierał od JM Rektora Akademii Nauk Stosowanych w Nowym Sączu powołanie na Kierownika Katedry Przedsiębiorczości i Innowacji Wydziału Nauk Ekonomicznych. Jak zawsze tryskał energią, cieszył się na rozpoczęcie nowego roku akademickiego oraz z nowych dydaktycznych i naukowych wyzwań. Niestety w poniedziałek 7 października dotarła do nas bardzo smutna wiadomość: Profesor Tadeusz Kudłacz nagle zmarł w rodzinnym domu w Krakowie.

Z Akademią Nauk Stosowanych w Nowym Sączu Profesor Tadeusz Kudłacz związany był nieprzerwanie od 2000 roku, zaś od 2007 roku pełnił funkcję Dyrektora Instytutu Ekonomicznego, a następnie Dziekana Wydziału Nauk Ekonomicznych. Był promotorem niezliczonej ilości prac licencjackich i magisterskich, opiekunem naukowym pracowników naszej Uczelni, którzy pod jego opieką czy przy jego merytorycznym wsparciu broniли prace doktorskie. Nikomu nie odmawiał pomocy: był serdeczny, a przy tym wymagający, co dodatkowo motywowało wszystkich Jego współpracowników do naukowego rozwoju. Dzięki Jego staraniom powstało czasopismo naukowe „STUDIA EKONOMICZNE. Gospodarka • Społeczeństwo • Środowisko” [„ECONOMIC STUDIES. Economy • Society • Environment”], którego był Redaktorem naczelnym, zaś Jego dumą był nowoczesny budynek Wydziału Nauk Ekonomicznych, który został oddany do użytku w 2022 roku.

Warto też dodać, że pod Jego naukowym nadzorem odbywał się, ceniony w regionie, ranking Fundacji Sądeckiej „Ocena Aktywności Gmin Subregionu Sądeckiego”, który analizuje kondycję finansową 39 jednostek samorządowych z powiatów: nowosądeckiego (wraz z Nowym Sączem), limanowskiego i gorlickiego.

Neil Armstrong powiedział: „Wierzę, że każdy człowiek ma skończoną liczbę uderzeń serca. Nie zamierzam zmarnować żadnego z moich”. Profesor Tadeusz Kudłacz niewątpliwie należał do osób, które nie marnowały żadnego uderzenia serca, był oddany nauce, miał poczucie misji i celu, był otwarty na świat i poszerzanie jego horyzontów, zawsze gotowy i umotywowany do pracy. Dostrzegał potencjał u innych i nie pozwalał go marnować. Walczył o to, co słuszne i ważne, nie bał się podejmować trudnych wyzwań, bardziej niż na swoim wizerunku zależało mu na słuszności sprawy i osiągnięciu wspólnego celu. Był „ojcem” wielu projektów, nigdy nie przypisywał sobie należnych zaszczytów i chwały, skupiając się na sukcesie przedsięwzięcia, a nie swojej osoby. Będziemy Go pamiętać jako opiekuna, który miał swoje zdanie i nie bał się go powiedzieć, występował w imieniu Wydziału i Uczelni, i o ich rozwój zawsze walczył.

Profesor Tadeusz Kudłacz (ur. 1949) był autorem ponad 170 cenionych prac naukowych oraz wielu ekspertyz wykonywanych dla władz publicznych w zakresie polityki regionalnej i lokalnej oraz strategii rozwoju. Kariera naukowa Profesora była związana z Uniwersytetem Ekonomicznym w Krakowie oraz naszą Akademią Nauk Stosowanych w Nowym Sączu. Był współtwórcą i wieloletnim przewodniczącym Zespołu zadaniowego Komitetu Przestrzennego Zagospodarowania Kraju Polskiej Akademii Nauk ds. kierunku Gospodarka Przestrzenna oraz inicjatorem Unii Uczelni na Rzecz Rozwoju Kierunków Studiów w Zakresie Gospodarowania Przestrzenią. Pełnił funkcję Przewodniczącego Rady Naukowej Instytutu Rozwoju Miast, był Członkiem Prezydium Komitetu Przestrzennego Zagospodarowania Kraju PAN, Przewodniczącym Zespołu Wykonawczego Unii Uczelni na Rzecz Rozwoju Kierunków Studiów w Zakresie Gospodarowania Przestrzenią.

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REMARKS ON THE DIRECTION OF CHANGES IN THE FORMS OF MONEY

Summary

The article analyses the evolution of forms of money, focusing on the transition from material to dematerialized forms, such as digital money. The author emphasizes that money is a system of organizing information about exchange, which has evolved towards “pure” information. New forms of money, such as cashless and digital money, are a natural result of this evolution, supported by the development of information technology and computerization.

In the context of this evolution, the author positively reinterprets Gresham-Copernicus’s Law, which traditionally states that “bad money drives out good.” The author argues that this law actually reflects the process of dematerialization of money, where more efficient forms of exchange replace less efficient ones. Thus, the history of money is seen as a process of development, rather than degradation of the monetary system.

The author proposes that true cashless money should be considered as one that has completely detached from its material form, although it may be expressed in current paper money units. Examples of such forms include artificial currency units like SDR or Trade Dollar, and other autonomous digital money systems. These forms of money differ in construction, scope, and motivation for their creation, but they share the absence of a physical form.

Keywords: talent management, knowledge-based organization, management model talents in a knowledge-based organization, efficiency of talent management.

UWAGI NA TEMAT KIERUNKU PRZEMIAN FORM PIENIĄDZA

Streszczenie

Artykuł analizuje ewolucję form pieniądza, skupiając się na przejściu od form materialnych do zdematerializowanych, takich jak pieniądz cyfrowy. Autor podkreśla, że pieniądz jest systemem organizacji informacji o wymianie, który ewoluował w kierunku „czystej” informacji. Nowe formy pieniądza, takie jak pieniądz bezgotówkowy i cyfrowy, są naturalnym wynikiem tej ewolucji, wspieranej przez rozwój technologii informacyjnej i komputeryzacji.

W kontekście tej ewolucji autor pozytywnie reinterpretuje prawo Greshama-Kopernika, które tradycyjnie stwierdza, że „zły pieniądz wypiera dobry”. Autor twierdzi, że prawo to w rzeczywistości odzwierciedla proces dematerializacji pieniądza, w którym bardziej wydajne formy wymiany zastępują mniej wydajne. Tak więc historię pieniądza postrzega się jako proces rozwoju, a nie degradacji systemu pieniężnego.

Autor proponuje, aby prawdziwy pieniądz bezgotówkowy był uważany za taki, który całkowicie oderwał się od swojej formy materialnej, chociaż może być wyrażony w obecnych jednostkach pieniądza papierowego. Przykłady takich form obejmują sztuczne jednostki walutowe,

takie jak SDR lub dolar handlowy, i inne autonomiczne systemy pieniądza cyfrowego. Te formy pieniądza różnią się konstrukcją, zakresem i motywacją ich powstania, ale ich wspólną cechą jest brak formy fizycznej.

Słowa kluczowe: zarządzanie talentami, organizacja oparta na wiedzy, model zarządzania talentami w organizacji opartej na wiedzy, efektywność zarządzania talentami.

Introduction

For the purposes of this article, metaeconomic studies of the forms of money and their transformations were conducted, including studies of substitute money and its historical examples. The concept of new form of money used in the article refers to new ways of organizing information about exchange, which are based on so-called real non-cash money (this is another concept), i.e. money that does not appear in any cash form. Money, which is in fact a system of organizing information about exchange, evolved through its successive material forms precisely towards a creation of pure information about exchange. Hence, new immaterial forms of money – non-cash money, and in particular digital money – are a direct consequence of this evolution. The history of money can therefore be read as a process of liberation of information from the various material forms that money has taken. It is worth being aware that it is only today that we can fully perceive the nature of this process – armed with the language of cybernetics and information theory and with computers that help store information. It is therefore not surprising that the emergence of such information forms of money is linked to the development of mass computerization.

The aim of the paper is to positively reinterpret (in the context of the logic of the transformation of forms of money) the Gresham-Copernicus law, which in its colloquial wording: "better money is forced out of circulation by worse money", is misleading, because it may give the impression that in the course of the evolution of money we are constantly dealing with the degradation of money, not its development.

Due to the reference to the history of money, the literature used for this purpose is also necessarily historical. The main method was literature studies and synthesis of the collected material. The literature consisted of existing scientific and numismatic studies devoted to money¹.

1. A synthetic approach to the direction of money transformation

Describing the history of money seems almost redundant at present, mainly because of the large number of existing studies. That is why contemporary issues are coming very often to the fore. This can be easily observed in the example of many textbooks and monographs devoted to the subject of money – the history of money usually takes up a small percentage of the text in them. In the preface to his enormous study of the history of money, G. Davies suggests that the difficulties of scientific experimentation on monetary phenomena mean that it is history that provides us with this "laboratory" or "guide to more or less adequate alternatives" (1996, XVII). People

¹ In relation to the principles of citation, some explanations are needed. If author quote a work published in Polish, the quote is in his own translation. The work was first created in Polish – the translation was done with support of Google Translator.

have struggled with various contemporary problems in the area of money in the past and tried to solve them with greater or lesser success. In this context, history is a mine of examples showing how these problems have been dealt with so far. It is also a great lesson showing that the institution of money does not necessarily have to function only in the way it functions today².

Looking at the history of money, one more issue becomes extremely important. It is not only about the anthology of cases that happened in the past, but above all about the logic of changes that occurred over long periods of time in the construction and functioning of money³. These changes result directly from the essence of money and this essence can be read from their course.

Following the formulation of the Gresham-Copernicus law that better money is forced out of circulation by worse money and applying it to long-term processes⁴, one could say that the best money was the one that was used the longest time ago and was replaced by worse forms of money in the course of history. So, the best money, in such a case, would be, for example, commodity money, and we would be dealing with a systematic degradation of money all the time. Is this really the case? Intuition itself suggests that over time we are dealing with a rationalization rather than a degradation of the money system. This rationalization is manifested in the fact that the money system, thanks to the successive forms of money, becomes more effective, i.e. making an exchange becomes easier, costs less effort and time. So where does the misunderstanding come from?

The misunderstanding lies in the very formulation of the Gresham-Copernicus principle⁵. "This law states that worse money drives better money out of circulation" (Kaźmierczak, 1992, p. 14). There are errors in the terms used. Firstly, but perhaps not most importantly, one can start a discussion about the concepts of "better" and "worse" used to describe successive forms of money, which are evaluative concepts and for this reason alone can distort the description. Secondly – and this is the cause of all the confusion – the above adjectives were wrongly assigned to money. According to the Gresham-Copernicus law, this law is about the relationship between better

² Significant examples of stubbornness and conservatism in the field of views on money from the period when gold was considered the most perfect money are presented by, among others, J.K. Galbraith in his monograph: *Pieniądz. Pochodzenie i losy*, J.K. Galbraith, 1982, Warszawa: PWE.

³ Of course, as G. Simmel claims in the preface to his work on the philosophy of money, the immanent meaning and significance of money are not exhausted solely in its historical forms and how they have changed throughout history. "Meaning and significance come from elements of a conceptual, psychological, ethical nature (...). Historical forces are indeed responsible for their realization" (*Filozofia pieniądza*, G. Simmel, 1997, Poznań: Wydawnictwo Fundacji Humaniora, p. 10).

⁴ D. Kinley similarly extends the Gresham-Copernicus law to a more general principle, which states: "when a community in which there is free and intelligent competition has a choice between different means of payment, it will use the cheapest means that will do its job under the existing conditions. Or still more generally: In a community in which there is free and intelligent competition, there is a constant effort to perform each economic service by the means that gives the best net result" (*Money. A Study of the Theory of the Medium of Exchange*, D. Kinley, 1904, New York, London: The MacMillan Company, p. 58).

⁵ For example, A. Krzyżanowski, who conducts his considerations in great detail, when discussing the Gresham-Copernicus law – although he notices certain inaccuracies, especially in terminology – is satisfied with general statements (*Nauka o pieniądzu i kredycie*, A. Krzyżanowski, 1922, Warszawa, Kraków: Nakładem księgarni J. Czarneckiego, wyd. II, p. 40). Finally, he regards the cases of the Gresham-Copernicus law as exceptions to the more general opposite trend, which causes better money to remain in circulation (*Pieniądz*, A. Krzyżanowski, 1911, Kraków: Akademia Umiejętności, pp. VII-VIII).

money and worse money. Meanwhile, and this is obvious, it is of course about a better or worse commodity in the role of money⁶. The better product with a higher non-monetary use value (e.g. a coin with a higher metal content) is retained (hoarded) and worse products remain in circulation, with a lower non-monetary use value, which no one currently wants to accumulate, but which still have the power to be an intermediary of exchange. In light of this, the Gresham-Copernicus law should be formulated as follows (already sticking to the terms better and worse, and referring in particular to the conditions that provoked its creation): a better product in the role of money is forced out of circulation by worse products in this role⁷. And it is not only about the possible conflict between the treasure gathering function and the function of enabling the exchange of goods⁸.

In relation to money, we can notice the following: worse goods are better suited to fulfilling the symbolic functions of money⁹ (money that symbolizes exchange, certifies it and enables further participation in exchange). The term: worse goods requires explanation. The point is that better money is money that is more money and less a commodity, i.e. it has greater value as money than as a commodity at a given moment. Throughout history, we are dealing with the process of decommodification of money, up to forms such as paper or electronic money (money-information). A. Kaźmierczak calls this process dematerialization of money (1992, p. 29), while Z. Grabowski uses the term desubstantialization to describe the process of occurrence of dematerialization of the forms of money (1975, p. 65)¹⁰. The process of dematerialization of money is essentially an attempt to reduce the costs of producing money itself and to increase the efficiency of exchange by reducing the costs of transactions.

2. The essence of money

The historicity of the forms of money (its transformations throughout history: both in terms of the material structure with which we most often identify money, as well as in terms of the functions it fulfills and the role it played in the life of societies) causes researchers of monetary phenomena to refrain from attempting a uniform approach to the essence of money. It is difficult to come across definitions of money in the literature devoted to it, and if they are, they are usually tautological in nature¹¹,

⁶ The already quoted A. Kaźmierczak writes, for example, "...silver was a better money. It gradually disappeared from circulation in individual countries" (*Pieniądz i bank w kapitalizmie. Zarys problematyki*, A. Kaźmierczak, 1992, Warszawa: PWN, p. 14). Although everyone knows what this is about, it is worth asking the question at such a moment: what is this better money that is disappearing from circulation?

⁷ Of course, such a formulation cannot be left without comment. This sentence was only about the analogy with the traditional formula of the Gresham-Copernicus law.

⁸ An interesting discussion of the Gresham-Copernicus law is presented in the article: *Prawo Kopernika-Greshama: rekonstrukcja metodologiczna*, J. Boruszewski, K. Nowak-Posadzy, 2018, *Ekonomista*, 5, pp. 554-577.

⁹ "the lower the substantive value of undervalued money, the greater the chances that it will remain in circulation permanently" (*Wprowadzenie do nauki o pieniądzu*, Z. Grabowski, 1975, Warszawa: PWE, p. 97).

¹⁰ T.H. Greco, in turn, writes that with the passage of time, forms of money become "less substantial and more ethereal", meaning precisely this reduction in the materiality of money, down to the form of accounting records or magnetic impulses (*New Money for Healthy Communities*, T.H. Greco, T.H. Greco, Jr., 1994 Publisher USA, p. 7. The explanation of the term "ethereal" can be found on p. 2 in footnote 4 of the cited work). K. Studentowicz mentions the discussion on the displacement of "commodity money" from circulation by "credit money" (*Aktualna dyskusja na reformę światowego systemu walutowego*, K. Studentowicz, 1969, Warszawa: Instytut Finansów, p. 4).

¹¹ K. Olivecrona draws special attention to the tautological nature of the definition of money (even functional definitions) in his book *The Problem of Monetary Unit*, K. Olivecrona, 1957, New York: The MacMillan Company.

as for example in J.K. Galbraith's statement that money is what we usually consider to be money (1982, 27 for example)¹². The fact that the first historical form of money was commodity money influences the understanding of money as a commodity that is universally accepted in exchange to this day – this is how, for example, the authors of one of the contemporary economics textbooks define money (1994, p. 94). D. Begg, S. Fisher and R. Dornbusch do this even though a few sentences later they state that the essence of money is the social contract, not the physical substance in the form in which it occurs.

Many authors – following economic practices – do not bother with theoretical nuances and build the definition of money based on what is currently classified as financial resources. In this way, aggregates of the type M1, M2... etc. are created, which of course – apart from being useful for economic practice, for constructing statistics – do not contribute particularly to understanding the essence of money¹³. In fact, this type of reasoning is again limiting considerations to forms of money and additionally sometimes narrowing down in the historical sense only to the present. Additionally, the category of liquidity included in the description of phenomena related to money causes us to start looking at various financial resources in terms of how much they are money – so something like the degree of being money appears (Duwendag et al., 1995, p. 46)¹⁴. Many authors follow the functional approach in defining the essence of money¹⁵ and define money as a medium of exchange, a unit of account, a means of storing value, etc. Meanwhile, for obvious reasons, this does not tell us anything about what money is, but what it does (what functions it performs) (Greco, 1994, p. 5).

Z. Grabowski in his book *Wprowadzenie do nauki o pieniądzu* wrote: "The attempt to include an exhaustive definition of contemporary money and that from thousands of years ago in one definition sins against the principle of historical understanding of phenomena" (1975, p. 7)¹⁶. This is true as long as we consider the material form in which it always appeared to be the essence of money. However, the physical form alone does not make money (Olivercrona, 1975, p. 10). Considering money only from this perspective would exclude from our considerations non-cash money, which does not take any physical form and can even exist only in the minds of those who use it (author is omitting here the discussion on whether information and its carrier itself do not always require some material form).

¹² The reader will find an excellent review of theoretical positions that mostly avoid defining money in: *Pieniądz*, A. Krzyżanowski, 1911, Kraków: Akademia Umiejętności.

¹³ This is, for example, how the considerations in the German textbook *Teoria pieniądza i polityka pieniężna* are constructed, where it is said that money "should be viewed as part of financial resources" (*Teoria pieniądza i polityka pieniężna*, D. Duwendag, K.H. Ketterer, W. Kösters, R. Pohl, D.B. Simmert, 1995, Warszawa: Poltext, p. 39).

¹⁴ Some people talk about the degree of being money (moneyness) due to the fact that money fulfills several functions and individual objects fulfill each of these functions in different ways and to different degrees – so from this point of view these objects are money to different degrees. Such reasoning is presented, for example, in: "Artificial Currency Units: The Formation of Functional Currency Areas", J. Aschheim, Y.S. Park, *Essays in International Finance*, 114, April 1976, Princeton, New Jersey: Princeton University, p. 1.

¹⁵ Money "in contemporary economic science is most often defined (...) functionally" ("Pieniądz", Z. Fedorowicz, 1995, in: *Encyklopedia Biznesu*, W. Pomykało (ed.), t. 1, Warszawa: Fundacja Innowacja, p. 596).

¹⁶ However, what is important from his considerations is that he believes that in the course of the development of money forms, its true essence emerges (*Wprowadzenie do nauki o pieniądzu*, Z. Grabowski, 1975, Warszawa: PWE, pp. 42-43).

Even such a perceptive mind as M. Friedman defined money as a form that is accepted in exchange: "money is something that finds universal acceptance and is exchanged for goods and services" (Friedman, 1994, p. 22). This "something" is an expression of Friedman's capitulation in going further towards defining the essence of money. In his definition, the form does not necessarily have to be material, but money is only a certain form. Perhaps shifting the emphasis from this "something" to "universal acceptance" could advance Friedman's reasoning. This way of approaching the problem is quite common, for example in J. Hawthorne's textbook *Theory and Practice of Money* one can find a similar formulation: "money is anything commonly acceptable in payment debt" (1981, p. 4). The situation changes when we try to touch the essence of money and go beyond the physical forms of its occurrence. The essence of phenomena is not of a material nature, but belongs to the world of concepts. We are looking for the essence of what a piece of silver, a brick of tobacco, cowrie shells, a printed rectangle of paper or a digital record on a bank account are at the same time when we use them in economic exchange.

We are brought closer to the essence of money by such phrases as: "money is a convenient tool used for centuries" (Galbraith, 1982, p. 28) or "It is a machinery" (Hawthorne, 1981, p. 13) (author's emphasis). They seem to suggest that money is a certain structure, a system. It remains to define the nature of this system in more detail. Following Michael Linton, author adopts the following definition, which, in my opinion, perfectly captures the nature of money: "Money is an information system we use to deploy human effort" (Greco, 1994, pp. 5-6). The phrase "information system" is key here.

What is common to all these material and immaterial forms of money that have appeared throughout history? Namely, that all of these forms were carriers of information necessary for making exchanges – information that the owner of money has provided a certain value to the community or has received money from someone else who has provided this value (Greco, 1994, pp. 5-6; see also: Brzeski, 1928, p. 14). Of course, the fact of universal consent to accept a specific information carrier in exchange (to accept a specific organization of the exchange information system) is extremely important – in fact, thanks to this consent, certain objects changed from a potentially useful information carrier into currently used money (Greco, 1994, p. 9)¹⁷.

The question that arises is the question of the quality of information that the money system is supposed to provide. Each time, the choice of the form of money often very strongly determines what information the money will convey. If it is not appropriate, it means that the money is not appropriate. "From the point of view of social justice and economic efficiency, it is necessary for money to serve the community and not paralyze and destroy it" (Hawthorne, 1981, p. 13). T.H. Greco repeatedly emphasizes that the information flowing from the contemporary organization of the monetary system is inadequate and misleading, that this system should be organized differently – first

¹⁷ T.H. Greco quotes here the words of E.C. Riegel from the book *Flight From Inflation. The Monetary Alternative*. This was already expressed earlier by the state theory of money announced by G.F. Knapp in 1905. According to it, the essence of money does not lie in its "commodity" material, but its value and itself is a product of law. It follows that at the moment when money is created, its content is separated from the value of the precious metal ("Teorie pieniądza niezależnego i ich zastosowanie", Z. Knakiewicz, 1981, *Zeszyty Naukowe Akademii Ekonomicznej w Poznaniu*, 70, Poznań: Wydawnictwo Akademii Ekonomicznej w Poznaniu, p. 65). J. Law expressed a similar opinion on this subject, considering money to be a "token of transfer" (50).

of all, according to him, the issuance of money should be demonopolized and depoliticized, because already at the source, i.e. during the issuance of money, there is a distortion of the information that money should carry. J. Aschheim and Y.S. Park emphasize that the appearance of artificial currency units – such as SDR (Special Drawing Rights) – resulted mainly from the need to rationalize economic calculations and more rational transmission of economic information (Aschheim, Park, 1976, p. 2)¹⁸. Since money is an information system, this system should be carefully planned and constantly improved to the extent possible – currently, we are most often improving something that we had not planned before, something that – one could say – happened by itself¹⁹. This can be seen as a call for a kind of postmodern deconstruction of money and, on this basis, the creation and synthesis of a new being that would be as closely adapted to our needs as possible.

3. The direction of change of money

The history of money can be divided into several periods, which are characterized by the fact that during each of them a specific, characteristic form of money functioned – the exchange information system had a relatively uniform character. These periods are: 1) barter, 2) commodity money, 3) bullion money, 4) paper money, 5) non-cash money²⁰.

Only the first of these periods seems not to take its name from the form of money that was characteristic of it, but this is only apparent. Since money is a system of information about exchange, then in a situation where information about exchange is not separated from the exchange itself, and this is precisely the case in barter, or direct exchange, then these two names (barter and direct exchange) are simultaneously the name of the form of money. It is usually said that within direct exchange we do not deal with money, but we can look at it in such a way that in every commodity accepted for exchange we see money, or some information about exchange. At the moment when this information about exchange begins to be embodied in only some goods, which take on the role of an intermediary in exchange, i.e. *de facto* this information is separated from the act of exchange itself, we are already dealing with another form of money, namely the form of commodity money.

Commodity money is characterized by the fact that some goods begin to function in a new role and become useful not only because they are goods, but also because they fulfill the symbolic role of money. Often, their consumer value temporarily decreases in favour of their monetary value. This is reflected, for example, in such shaping of the form of various goods that play the role of money that they even cease to be suitable for consumption and practical use (e.g. metal axes of unnatural dimensions that exclude their practical use). Commodity money – which is easy to deduce – therefore evolves towards using goods as money, in the case of which it is less necessary to give up the

¹⁸ J. Aschheim and Y. S. Park list the following artificial currency units in order of appearance (date in parentheses): EUA – European Unit of Account (1961), SDR (1970), ECU – European Currency Unit (1970), Eurco (1973), Barclays-Unit (1974), Arcru (1974), AMU – Asian Monetary Unit (1974) and IFU (1975). The cited work is from 1976, so the examples provided end there (Aschheim, Park, 1976, p. 4). They claim that artificial currency units are "the wave of future" in the international monetary system (Ibidem, pp. 26-27).

¹⁹ Monetary systems emerged as a result of spontaneous evolution ("An Agenda for Monetary Reform", T. de Vries, *Essays in International Finance*, 95, September 1972, Princeton, New Jersey: Princeton University, p. 1).

²⁰ These periods can be presented as one after another, but also as separate situations that lend themselves to separate descriptions. That is why author does not limit them to any time frame.

fulfillment of their consumption function by these goods. Metals systematically begin to dominate in exchange. The direct use of metal can be postponed to an indefinite future. A new form of money emerges: bullion money.

Bullion money differs from commodity money in that its function as an intermediary in exchange is even more symbolic, because it does not come at the expense of satisfying urgent human needs. Bullion as money is more abstract than, for example, cattle or fish used for the same purpose. And complete symbolization occurs when a coin appears, then a coin with an incomplete content of bullion, and finally dematerialized bullion money in paper form. Dematerialized bullion money, i.e. false paper money, is already the beginning of another form of money.

Paper money is already a completely symbolic representation of the values exchanged. After it is deprived of its connection with precious metals, its value is based on a social contract, most often supported by legal regulations. There is a danger that issuing authorities will abuse the possibility of printing an unjustified amount of currency. There is a need for precise regulations that would prevent such moves. The exchange information system is starting to become complicated. One of the next simplifications is cashless money circulation. The content of bank deposits (information) is becoming a potential new form of money.

We are dealing with non-cash money in the strict sense when it is autonomous, does not exist in cash form, although it can be expressed in cash currency units. We are observing attempts to operate such money systems based on artificial currency units (both internationally and locally)²¹.

4. Advantages and disadvantages of the main forms of money in servicing exchange in the modern market economy

The functioning of the modern market economy is based on paper money and cashless money (mainly non real cashless money, i.e. only dematerialized paper money still exchangeable for paper cash – according to the terminology used in this article). It seems that with the invention of money, direct exchange (barter) has moved to the margins of economic life – it is still used in isolated communities and, for example, in the exchange of neighbourly services, where mutual help is somehow cancelled out, but it is no longer a classic direct exchange. The model of exchange organized on the model of barter is, in some sense, useful today in the construction of such exchange organization systems as clearing agencies²², LETS systems (Local Exchange Trading Systems) or – of lesser importance for the entire economy – neighbourhood childcare clubs – but they are based in fact on real cashless money (money as information). With the complication of economic life, the effectiveness of barter as the main instrument of exchange has been exhausted – it is no longer possible to imagine a modern economy organized on the principle of direct exchange. The same applies to commodity money and bullion money (which is its more specialized and symbolic variety). It is hard to imagine that suddenly human society will devote resources of certain goods to serve the exchange of other goods and services. The same applies to precious metals. Precious

²¹ Author described the functioning of this type of local exchange systems in his publications (eg.: Reichel, 2007a, 2007b, 1997).

²² A specific example from Poland is the existence of a system for exchanging production surpluses (but not only) based on virtual money, the so-called "Green" ("Zielony") (<https://zielony.biz.pl/>).

metals, and gold in particular, no longer have monetary significance today – they have become a strategic resource, the reserves of which are a kind of security for the economies of those countries that possess it. Certainly, as in the case of direct exchange, from time to time on a very limited scale people refer and will probably refer to commodity money and bullion money as an intermediary in exchange – nevertheless, they most often appear only as a means of treasure gathering. In the case of commodity money, it is most often temporary hoarding, while in the case of precious metals – as already mentioned – of strategic significance.

For everyday economic life, and in particular for everyday transactions, we currently use paper money, which seems to be irreplaceable in this role, although of course we are slowly dematerializing this form of money. Always in history, when an exchange could not take place due to the lack of an intermediary in the exchange, symbolic representations of value were resorted to in the form of signs on paper, leather or metal. In times when the system of organizing information about exchange was based on commodity or precious metal money, the desire to make exchange easier, the desire to make it more effective, led in various places and times to the invention of paper money (more generally: symbolic money). These processes already indicate the suitability of such a form of money to handling exchange. However, as reality shows, the paper money system can be organized in various ways. Today, it has taken the form of many national systems, within which the state and banks (credit money) have a monopoly on money creation. Each organization of the money system carries positive and negative consequences, so we can probably expect many more changes and improvements to the form of money. Due to certain inconveniences of using previous forms of money, including paper cash, an even further symbolization of money was introduced – cashless circulation was created and the beginning of a new form of money was created: cashless money (real, autonomous).

Cashless settlements supported especially by a computer system perfectly fulfill their role in handling exchange in the modern market economy with its complex economic connections already stretching across the globe. Transporting any cash – even the lightest – over such distances has no chance of competing with electronic impulses, which can be transferred anywhere you want in one moment. Moreover, thanks to computerization, the cashless system creates ideal conditions for the parallel functioning of many (even dozens or hundreds) currencies within a single economic organism, today most often handled by one currency. Signs of the emergence of an increasing amount of such money organized in the most diverse ways can already be observed, also in the form of so called cryptocurrencies. It is difficult to say unequivocally what shape the organization of the exchange information system will take and what processes will dominate in it. However, it seems that there is room in the economy for healthy diversity also in the field of money, room for such systems as central bank digital currencies (CBDC) or such as LETS systems. The very fact that such creations are being created or their introduction is being considered indicates that there is a gap in the money system that they can potentially fill. The fact that many substitute money systems are being created today (organized sometimes in a very traditional and sometimes in a very modern way) may indicate some fundamental flaw in the current money system or some problems that it has encountered or caused. The locality of money, which is the main characteristic of substitute money systems, is also the main advantage of these systems and causes

them to be created and to be created almost always and everywhere. It is worth recalling that all the first money systems were local in nature – monopolization actually came only with industrialization. Mass computerization once again creates conditions for the functioning of a certain optimal variety of currencies (a certain number of many local currencies), making their conversion process quick. The symbolism of money (above all) and its locality make the system of organizing information about exchange a system that is adaptable to the needs of society, while the availability of various money systems (competition between them) means that there can be pressure on the efficiency of these systems and, therefore, pressure on their greatest efficiency in handling exchange. In the modern market economy, there is a place for (and a need for) global money, regional money and local money – diversity in this area, as in any other, can be very beneficial. Such diversity has appeared and continues to appear spontaneously (even in periods of dominance of national currencies monopolizing exchange) due to substitute money, which were called into being, especially in difficult situations, out of necessity (and even very often against the law).

Conclusions

The article shows a certain developmental logic of money forms, drawing attention to the fact that the process leading from direct exchange, through commodity money, precious metal money, paper money, to contemporary cashless money, is not accidental. Existing studies on the history of money forms have largely correctly identified and described the above-mentioned forms of money, although they have often presented them in an unordered manner, as an anthology of events. The laws governing these changes were also correctly identified, namely: the drive to dematerialize (decommodify) subsequent forms of money and the Gresham-Copernicus law. In relation to the dematerialization of money the following categories have been introduced: dematerialized paper money, i.e. cashless money that is not real cashless money, and real cashless money i.e. autonomous, i.e. not occurring in cash form, although its value can be expressed in paper money units. In relation to the Gresham-Copernicus law, the concepts used in its formulation were positively reinterpreted and referred to the replacement of previous forms of money with subsequent, more perfect forms throughout history. The reinterpreted Gresham-Copernicus law states that when we have two types of money in circulation, the one that better meets the needs of exchange remains in circulation. Most often, this is the so-called previously worse money, which has less value as a commodity (the better one – as a commodity – is hoarded). This process leads to the creation of increasingly decommodified forms of money, which are ultimately only information about the exchange – such as currently: paper money and even more: cashless money in the form of e.g. digital money.

Presenting the history of the development of forms of money, the author proposes that real cashless money need to be considered as money that has completely separated itself from its material, yet symbolic paper form and does not exist in any material (cash) form. The circulation of such money is autonomous. Therefore, we are talking about real cashless money, and not only dematerialized paper money, when the non-cash form is still freely exchangeable for paper cash, as is the case, for example, with bank deposits today. To some extent, we can adopt a term already functioning in the literature to describe real cashless money (Aschheim, Park, 1976): artificial currency units. Artificial

currency units, in addition to such entities as SDR, include, among others, Trade Dollar (or other units of commercial clearing agencies) or autonomous digital money systems, as well as the unit of money in LETS systems. The above-mentioned examples of currently functioning types of autonomous (real) cashless money have, of course, a common structural feature, that as virtual money they do not appear in cash form, however, of course there are differences between them in terms of their construction (their circulation system is organized differently), differences in scope (these systems serve other entities and areas of economic life) and differences regarding the motive for establishing them.

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THE PROBLEM OF THE PROPORTIONALITY OF RETURN DECISIONS ISSUED IN ACCORDANCE WITH ARTICLE 207 OF THE PUBLIC FINANCE ACT – A COMMENT ON THE JUDGEMENT OF THE SUPREME ADMINISTRATIVE COURT FROM 8 MAY 2024 AND GSK 906/20

Summary

The European legislator has regulated the principles of measuring financial corrections made in the event of individual irregularities only in relation to public procurement. In the remaining areas of infringement of the law, when moderating the amount of the correction, the general provisions of the TFEU requiring Member States to combat fraud by means of measures that have a deterrent effect and provide effective protection should be followed. Due to the fragmentary scope of the indicated regulations, a number of juridical doubts arise requiring the presentation of a broader theoretical context, which may also supplement the argumentation contained in the judgement of the Supreme Administrative Court of 8 May 2024. GSK 906/20.

Keywords: financial correction, individual irregularity, reimbursement of subsidy, European funds.

PROBLEM PROPORCJONALNOŚCI DECYZJI ZWROTOWYCH WYDAWANYCH W TRYBIE ART. 207 USTAWY O FINANSACH PUBLICZNYCH – GŁOSA DO WYROKU NACZELNEGO SĄDU ADMINISTRACYJNEGO Z DNIA 8 MAJA 2024 R. I GSK 906/20

Streszczenie

Prawodawca europejski unormował zasady miarkowania korekt finansowych dokonywanych w przypadku stwierdzenia nieprawidłowości indywidualnych jedynie w odniesieniu do zamówień publicznych. W pozostałym obszarze naruszeń prawa, miarkując wysokość korekty należy kierować się przepisami ogólnymi TFUE nakazującymi państwom członkowskim zwalczanie nadużyć finansowych za pomocą środków, które mają skutek odstraszający i zapewniają skuteczną ochronę. W związku z fragmentarycznym zakresem wskazanych uregulowań powstaje szereg wątpliwości jurystycznych wymagających przedstawienia szerszego kontekstu teoretycznego, który jednocześnie może stanowić uzupełnienie argumentacji zawartej w wyroku NSA z dnia 8 maja 2024 r. GSK 906/20.

Słowa kluczowe: korekta finansowa, nieprawidłowość indywidualna, zwrot dofinansowania, środki europejskie.

Introduction

The purpose of this commentary is to present a broader theoretical context of those elements of the judgement relating to the problems of proportionality in the process of imposing financial corrections, which were not fully developed in the justification of the judgement of the Supreme Administrative Court of 8 May 2024 dismissing the cassation appeal against the judgement of the Provincial Administrative Court in Warsaw of 5 November 2019¹ in the case of the complaint against the decision of the Minister of Investment and Development of 11 June 2018² on determining the amount of co-financing to be repaid with funds from the European Union budget. By this decision, the Minister upheld the decision issued in June 2017 by the Polish Agency for Enterprise Development (hereinafter: PARP), imposing on the appellant, Spółka z o.o. (hereinafter also referred to as the Company or the Plaintiff), the obligation to repay in full, along with interest, the funds transferred to the Plaintiff under the agreement on co-financing the project implemented by the Plaintiff under the Innovative Economy Operational Programme (hereinafter: PO IG).

The provisions of the above-mentioned agreement on co-financing the project implemented by the cassation complainant were of fundamental importance for shaping the factual circumstances of the case, including the reasons for terminating the agreement and requesting the repayment of the entire amount of the subsidy granted to the Plaintiff. Although this agreement is by its nature a civil law agreement, as an instrument serving the Applicant to obtain public funds, it caused the Plaintiff to enter the sphere of mandatory public law regulations and other soft regulations of the European funds implementation system, including the IG PO implementation system in the scope of the construction of contract templates adopted by the Polish Agency for Enterprise Development acting as the Managing Authority (hereinafter referred to as the MA). Hence, the commented judgement is an example of the practical and theoretical problems encountered by administrative and common courts in the process of establishing the relationship between civil law contracts and the mandatory provisions of national and European law.

The co-financing agreement, which constitutes a fundamental element of the factual circumstances of the case, stated in § 3 sec. 1 that "The Beneficiary undertakes to implement the Project in full, as specified in the Material and Financial Schedule of the Project, (...), within the time specified in § 6 sec. 3, with due diligence, in accordance with: 1) the Agreement and its annexes, in particular the description included in the application for co-financing, (...), 2) applicable provisions of national and Community law". Whereas, in § 6 section 3 of this agreement³, it is indicated that "the expenditure eligibility period for the Project begins on 2013-10-01 and ends on 2015-05-31"⁴. In turn, § 6 sec. 7 of the co-financing agreement states that "the completion of the Project implementation means: 1) the implementation of the substantive scope of the Project in accordance with the Substantive and Financial Schedule, (...), 2) documenting the

¹ File reference number V SA/Wa 1386/18, CBOSA

² No.: DIR-IV.7343.77.2017.RD.10, IK: 222575.

³ In the wording given in the annex to the agreement on co-financing the implementation of the project.

⁴ Therefore, during this period, the Company should fully implement the project in terms of both material and financial aspects.

purchase of goods or services with appropriate acceptance protocols or other documents confirming the compliance of the Project implementation with the terms of the Agreement, 3) the implementation by the Beneficiary of the full financial scope of the Project, which means that the Beneficiary has made all payments under the Project, i.e. incurred expenses and obtained documents constituting the basis for recognizing the expenses as eligible for support under the Project"⁵. Finally, in § 8 sections 1 and 2 of the funding agreement it was stated that the Beneficiary undertakes to achieve the assumed project goals and the indicators of achievement of these goals. In turn, in the application for co-financing, constituting an annex to the subject agreement, the Beneficiary indicated that as part of the project an innovative e-service would be created, prepared and implemented, the main functionality of which was to be a fully automated community warning system called "Omijaj.pl"⁶.

In view of the dismissal by the Regional Administrative Court in Warsaw of the complaint against the decision of the Minister of Investment and Development upholding the return decision issued by PARP, based on the grounds specified in art. 174 points 1 and 2⁷ (hereinafter: p.p.s.a.), the Appellant challenged the ruling of the Regional Administrative Court as follows:

1) incorrect interpretation and simultaneous incorrect application of Article 207 section 1 point 2 of the Act of 27 August 2009 on public finances (Journal of Laws of 2017, item 2077, as amended – hereinafter referred to as: PFA) consisting in the incorrect application of the above provision in this case and ordering the Company to return the funding received from European funds, while the Company did not use the funds received in breach of the procedures referred to in Art. 184 of the Public Procurement Law, and therefore there were no grounds for applying the above provision;

2) incorrect interpretation of Article 1(2) of Council Regulation (EC, EURATOM) No. 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests (OJ L 1995.312.1 – hereinafter referred to as: Regulation No 2988/95), Article 2(7) in conjunction with Article 98(1) 2 of Council Regulation (EC) No 1083/2006 (Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999) by violating the principle of proportionality expressed in that provision, due to the fact that both the authorities and the Administrative Court wrongly identify the scope of eligible expenses covered by a possible irregularity with the gravity of that irregularity, which, due to the above, does not automatically have to amount to 100% and which the authorities of both instances, and in the course of judicial supervision also the Court of First Instance, should determine;

⁵ The completion of the project implementation is the submission of the Beneficiary's application for the final payment to the Implementing Institution/Second Level Intermediate Body.

⁶ In the table regarding quantified indicators of project objective implementation (item 20 of the application for co-financing in the wording given by annex no. (...) to the agreement), the Beneficiary indicated the following indicators: 1. product indicators: number of new e-services – 1 pc., mobile application module – 1 pc., (...) module – 1 pc., mobile payments module (...) – 1 pc., promotional module – 1 pc., 2. result indicators (target value): number of e-services provided – 1 pc., number of created, permanently filled jobs – 2 pcs., number of registered users to whom it will be possible to send advertising mailings – 50,000 pcs., number of Premium accounts sold on the (...) platform – 9,999 pcs., number of subscriptions for companies sold on the (...) platform – 613 pcs. (judgement of the Regional Administrative Court in Warsaw of 5 November 2019, file reference V SA/Wa 1386/18, CBOSA).

⁷ Act of 30 August 2002 – The Code of Administrative Court Procedure (consolidated text: Journal of Laws of 2024, item 935).

- 3) failure to apply Article 325 of the Treaty on the Functioning of the European Union (consolidated version 2012/C 326/01 – hereinafter referred to as: TFEU), which resulted in the request for the repayment of 100% of the subsidy despite the fact that national and EU regulations do not grant the body such a right;
- 4) violation of Article 7, Article 75 § 1, Article 77 § 1 and 2 and Article 80 of the Act of 14 June 1960 – the Code of Administrative Procedure (Journal of Laws of 2017, item 1257, as amended – hereinafter referred to as the Code of Administrative Procedure) due to the lack of exhaustive, reliable and comprehensive collection and consideration of the evidence collected in the case, resulting in an erroneous determination of the factual circumstances;
- 5) violation of art. 141 § 4 p.p.s.a. by failing to sufficiently explain the legal basis for the decision, consisting in failing to indicate which specific procedures specified in art. 207 sec. 1 item 2 and art. 184 p.p.p. the Company committed a violation against when using co-financing from European funds;
- 6) violation of Article 84 § 1 of the Code of Administrative Procedure by failing to apply it in this case and failing to request an IT expert to issue an opinion in this case, even though obtaining special information by the authorities of both instances was necessary to establish the correct factual circumstances in this case and, consequently, to issue a correct substantive decision.

Raising the above allegations, the Appellant requested that the contested judgement be set aside in its entirety and that the case be examined, as well as that the Company be awarded reimbursement of the costs of the cassation proceedings, including the costs of legal representation.

On the margin of the main, by its nature substantive law subject of the considerations undertaken in this commentary, it should be noted that the justification of the commented judgement in the part concerning the violation of procedural provisions (charges 4-6) was based on an exhaustive and comprehensive analysis of the relevant norms, case law and doctrinal views. The indicated reasons for the justification deserve recognition also due to the transparent and at the same time logical manner of interpretation of the provisions and the connection of the norms resulting from their content with the factual situation in the subsumption process, which in this case is an instrument of control over the correctness of the adjudicative actions of the lower court. The position of the Supreme Administrative Court presented in the commented judgement should be fully agreed with, according to which: "a cassation appeal is an appeal against a judgement issued by the court of first instance, and not a decision issued by a body". Hence, "the subject of consideration in administrative court proceedings is not an administrative case, but an administrative court case consisting in the examination by the administrative court of first instance of the legality of the contested act or action. "In turn, the Supreme Administrative Court, acting as a court of second instance, does not generally hear administrative court cases, but exercises control over the legality of judgements of the court of first instance"⁸. "Therefore, as it results from art. 3 § 1 of the p.p.s.a., when examining a complaint, the administrative court only exercises control over the activity of the body. Therefore, it follows from the adopted model of judicial and administrative

⁸ *Prawo o postępowaniu przed sądami administracyjnymi. Komentarz*, T. Woś (ed.), 2016, Lex/el., comment to art. 173.

review that the court does not apply the provisions of the Code of Administrative Procedure, but only assesses the correctness of their application by the authority. Therefore, in order to correctly formulate the allegations of a cassation appeal, it is necessary first and foremost to refer to the contested judgement, indicating, for example, what errors the court failed to notice in the findings of the factual circumstances of the case, or in the interpretation of the substantive law or its incorrect application by the authorities. The above circumstances were not raised in the cassation appeal and, what is more, it was not demonstrated that any possible breaches of the provisions of the Code of Administrative Procedure had a significant, rather than any, impact on the outcome of the case, which makes these allegations unjustified"⁹.

It is worth referring much more broadly to the justification of the commented judgement in the part concerning the Appellant's allegations regarding the violation of substantive law due to its incorrect interpretation or incorrect application. At the outset, it should be stated that the allegation of the Appellant in cassation regarding the incorrect interpretation of Article 207 sec. 1 item 2 of the Public Finances Act and its simultaneous incorrect application due to the lack of premises justifying the finding of a breach of the procedures referred to in Article 184 of the Public Finances Act, was correctly refuted by the Supreme Administrative Court, in accordance with established case law and arguing that the "other procedures" referred to in Article 184 sec. 1 of the Public Finances Act also include procedures specified in the agreement between the beneficiary and the managing institution¹⁰. "Any deviation from the provisions of the agreement or a breach of EU or national law that has caused or could have caused damage to the general budget of the EU may be considered a breach of these procedures. For this reason, any irregularity that could potentially result in the payment of funds that should not have been paid, according to the terms of the contract or the law, is treated as an irregularity" [in the meaning of European law – author's note]. The Supreme Administrative Court also correctly noted that the conditions specified in Article 207 sec. 1 of the Public Finances Act for the repayment of funds allocated for the implementation of programmes financed with the participation of European funds in the form of their use contrary to their intended purpose or in breach of the procedures referred to in Article 184 of the Public Finances Act or collected unduly or in an excessive amount "should be interpreted in a uniform manner with the concept of "irregularity" within the meaning of Article 1 sec. 2 of Regulation No. 2988/95, as well as Article 2 item 7 of Regulation No. 1083/2006¹¹".

According to Article 1(2) of Regulation No 2988/95, "irregularity" means any infringement of a provision of Community law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by the Communities, either by reducing or losing revenue accruing from own resources collected directly on behalf of the

⁹ On the sidelines, it is also worth pointing out the linguistic finesse with which the Supreme Administrative Court indicates to the cassation complainant and her professional attorney that the claim is burdened with scholastic deficiencies in the formulation and justification of the allegations.

¹⁰ Compare judgements of the Supreme Administrative Court of 17 May 2017, file reference II GSK 2420/15, and of 9 January 2014, file reference II GSK 1546/12, CBOSA.

¹¹ See judgement of the Supreme Administrative Court of 4 April 2017, reference number II GSK 5056/16, CBOSA.

Communities or by making an unjustified item of expenditure¹². In accordance with Article 325(1) and (2) TFEU, the Union and the Member States shall counter fraud and any other illegal activities affecting the financial interests of the Union through measures to be taken in accordance with this Article, which shall act as a deterrent and be such as to afford effective protection in the Member States, and in all the Union's institutions, bodies, offices and agencies. Member States shall take the same measures to counter fraud affecting the financial interests of the Union as they take to counter fraud affecting their own financial interests.

In the context of the cited regulations, it can be pointed out that the identification of the referents of the concept of "irregularity" proceeds in two ways. In the area of irregularities related to the violation of public procurement law, starting from the programming period 2000-2006, the EU Commission has been issuing guidelines in this area¹³ to systematise violations of this area of law and to moderate the amount of financial corrections imposed. In the remaining areas of violations of law, the identification of irregularities takes place on the basis of case law¹⁴, which then translates into the development of lines of case law and the crystallization of scientific views. In some EU member states, generalised types of irregularities also take a normative form. Such nature is also demonstrated by situations indicated in art. 207 sec. 1 points 1-3 of the Public Finances Law.

The judicial and normative agreement on the qualification of situations regulated in Article 207 paragraph 1 of the Public Finances Act entails the necessity to assess their functioning also from the perspective of the then applicable provisions of Article 98 paragraph 2 of Council Regulation (EC) No. 1083/2006. According to its content, the Member State is to make the financial corrections required in connection with individual or systemic irregularities detected in operations or operational programmes. The corrections made by the Member State consist in cancelling all or part of the public contribution to the operational programme. The Member State shall take into account the nature and gravity of the irregularity and the financial loss incurred by the funds. In this way, one of the basic principles of imposing financial corrections becomes the principle of proportionality. The analysis of the guidelines formulated for the imposition of financial corrections both by the EU and by the minister responsible for Funds and Regional

¹² The essence of the concept of "irregularity" has not been modified to this day; see Article 2, point 31 of Regulation (EU) No 2021/1060 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund of the European Maritime, Fisheries and Aquaculture Fund and financial rules for those funds and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy (OJ EU, L 231, p. 159) and Article 2, point 17 of the Act of 28 April 2022 on the principles of the implementation of tasks financed from European funds in the financial perspective 2021-2027 (Journal of Laws, item 1079, as amended).

¹³ The guidelines setting out the principles, criteria and indicative correction rates to be applied by the Commission services in determining the financial corrections provided for in Article 39(3) of Regulation (EC) No 1260/1999 were adopted by Commission Decision C/2001/476. European Commission Decision C(2013) 9527 final of 19 December 2013 established guidelines for determining financial corrections to be made to expenditure financed by the Union under shared management for non-compliance with the rules on public procurement, which replace those previously in force for financial corrections to be made for non-compliance with public procurement rules during the 2000-2006 and 2007-2013 programming periods: COCOF 07/0037/03, EFFC/24/2008 and Guidelines for determining financial corrections for non-compliance with public procurement rules in expenditure co-financed under the General Programme "Solidarity and Management of Migration Flows". See also guidelines on how to correct irregularities in public procurement in Poland for 2021-2027, MFiPR/2021-2027/18(1).

¹⁴ See e.g. judgement of the CJEU of 8 June 2023 in case C 545/21, EUR-Lex – 62021CN0545 – PL.

Policy allows us to conclude that various possibilities for moderating the corrections have developed. These include the possibility of determining corrections' amount: in proportion to the period in which the durability of the project was not maintained; due to the scale of failure to complete the project and the degree of the irregularity (individual) and the socio-economic significance of the project. Proportionality in the process of calculating corrections is maintained by applying correction methods in the form of applying lump sum and percentage rates, as well as by determining the adequate amount of correction based on the actual value of the damage caused by the irregularity.

Although the Appellant formulated a cassation objection indicating a violation of the principle of proportionality "due to the fact that both the authorities and the Provincial Administrative Court wrongly identify the scope of eligible expenses covered by a possible irregularity with the weight of this irregularity, which, due to the above, does not automatically have to amount to 100%", the Supreme Administrative Court did not respond to this objection. From a procedural point of view, the Court of Cassation acted correctly in this case, as the indicated basis for the appeal was not covered by the claim to the Provincial Administrative Court. Although, in accordance with Article 134 of the P.P.S.A., the court decides within the limits of a given case without being bound by the objections and motions of the complaint and the legal basis invoked, and therefore the cassation appellant could effectively allege that the judicial review of the legality of the contested decision was defective, in view of Article 183 § 1 of the P.P.S.A., if such a situation occurs, the cassation appeal should raise an objection to the violation of Article 134 § 1 of the P.P.S.A. Since this objection was not raised in the cassation appeal, the Supreme Administrative Court could not conduct an instance-based review of the contested judgement in the aspect of omitting Article 98 paragraph 2 of Council Regulation (EC) No. 1083/2006¹⁵ in the process of assessing the correctness of the administrative decision.

The indicated basis for the appeal may be, however, considered on doctrinal grounds. In particular, it should be noted in this respect that, from a technical and procedural perspective, the determination of a correction is the final effect of a whole set of declarations of will and knowledge, as well as accounting activities, which together constitute a special type of proceedings of a non-authoritative nature to which the provisions of the Code of Administrative Procedure do not apply¹⁶. Hence, "the declaration of imposition of a correction is devoid of the attribute of permanence within the meaning of Art. 16 of the Code of Administrative Procedure and is not binding on the body that imposed it, neither in the subsequent control proceedings nor in the proceedings aimed at issuing a decision on the repayment of the subsidy. In the latter case, the declaration of imposition of a correction is only one of the elements of the factual situation of the case. Therefore, after conducting an evidentiary hearing, the body may rule on the obligation to repay the subsidy for an amount higher or lower than that resulting from the declaration on the imposition of a financial correction"¹⁷. At the same time, although

¹⁵ See B. Dauter in: *Prawo o postępowaniu przed sądami administracyjnymi. Komentarz*, A. Kabat, M. Niezgódka-Medek, B. Dauter, 2004, Warszawa: LEX, art. 134 and art. 183.

¹⁶ „Problematyka charakteru prawnego korekty finansowej”, W. Fill, 2004, *ZNSA*, 1, pp. 23-39.

¹⁷ *Ustawa o zasadach realizacji zadań finansowanych ze środków europejskich w perspektywie finansowej 2021-2027. Komentarz*, M. Perkowski, R. Poźdźnik (eds.), 2023, Warszawa: Wolters Kluwer, art. 26. See also judgements of the Supreme Administrative Court: of 20 May 2021, I GSK 685/18, of 28 May 2021, I GSK 2188/18; of 27 May 2021, I GSK 1768/18; of 10 June 2021, I GSK 1870/18; of 19 May 2021, I GSK 658/18, CBOSA.

the basis for imposing the correction is the provision contained in the content of the project financing agreement, and the basis for issuing the repayment decision is the mandatory provision of the Act on Public Finances, in both situations the basis for demanding the repayment of the amount of the subsidy granted is the same circumstance of the beneficiary's failure to comply with the provisions of the agreement.

There are therefore two legal issues that the cassation appellant does not seem to notice and that the courts of both instances do not highlight. The first is the termination of the contract by the implementing institution and the resulting obligation of the parties to return the benefits received; in this case, the return of the entire subsidy received by the beneficiary. The second issue concerns the function and premises for shaping the content of the return decision issued pursuant to Article 207 of the Public Finances Act.

In the case in question, the grounds for terminating the contract constitute an important element of the factual circumstances in the administrative proceedings resulting in the issuance of a repayment decision. Due to the mandatory nature of Article 207 paragraph 1 item 2 of the Public Finances Act, it is not possible for the Managing Authority to issue a decision for an operational programme that would provide for any other effect than the repayment of the entire subsidy received. This provision only provides for the refund of the entire amount without the possibility of adjusting its amount. The situation could be different in the case of a request for the return of the entire subsidy made by the Implementing Authority as a result of terminating the project financing agreement, if the Managing Authority had decided on the possibility of moderating the financial consequences resulting from the irregularities that occurred (which it did not do)¹⁸. In the absence of any decisions by the Managing Authority in this respect, the Implementing Institution's demand for the repayment of the subsidy as a result of the irregularity identified and then the termination of the contract due to the irregularities identified should be identified as a financial correction referred to in Article 98 paragraph 2 of Council Regulation (EC) No 1083/2006, in this specific case of a disproportionate nature, covering the entire amount of the subsidy received by the cassation Appellant – in accordance with the provisions of the project co-financing agreement¹⁹. On the other hand, the issuance of a refund decision pursuant to Article 207 of the Public Finances Act should be perceived as a consequence of the beneficiary's lack of consent to make the correction; and therefore as only a supplementary instrument for determining the amount of the correction, enabling not only the control of the correctness of the determination of the amount subject to refund, but also, ultimately, its enforcement through administrative enforcement.

Although the adopted solutions of the management and control system do not provide for the consideration by the MA of the IG OP of reservations concerning the justification for terminating project co-financing agreements by the relevant Implementing

¹⁸ In accordance with Article 98(2) of Council Regulation (EC) No 1083/2006, Managing Authority PO IG had the possibility to differentiate the amounts of financial corrections imposed depending on the circumstances of a given factual situation. However, when formulating the model co-financing agreement, it did not make use of this possibility, assuming that in the case of irregularities other than those concerning infringements of public procurement law, the correction should cover the entire subsidy granted – which, in my opinion, is also in line with the provisions of Article 98, paragraph 2.

¹⁹ Being the result of the institutional system adopted by Managing Authority PO IG.

Institutions, in accordance with the provisions of the project co-financing agreements in the IG OP, including the agreements used in Measure 8.1 of the IG OP, which the project concerned, disputes arising from project co-financing agreements should be resolved primarily through negotiations between the parties to a given co-financing agreement, and in the event of a lack of agreement, they could be submitted for resolution to a competent common court. Such a solution is also included in § 17 of the project financing agreement in question. Hence, it was at this stage of the proceedings that the Appellant could have requested verification of the correctness of the drafting of the co-financing agreement template by the Managing Authority PO IG, since the Appellant noticed its inconsistency with the provisions of Article 98 paragraph 2 of Council Regulation (EC) No. 1083/2006²⁰.

The European legislator has, in principle, only extended its normative scope to corrections concerning individual irregularities concerning public procurement. In the remaining area – as the Appellant points out in her cassation appeal – the first step should be to follow the general provisions, namely Article 325(1) and (2) TFEU, which require Member States to combat fraud by means of measures that have a deterrent effect and ensure effective protection. Next by means of the provisions of EU regulations (in the analysed case 1083/2006), generally applicable national regulations and guidelines, the acceptance of which by the beneficiary constitutes an important clause in the construction of each agreement on co-financing a project from EU funds. Certainly, the TFEU implements both the provisions of the model contract not providing for the possibility of moderating the amount of the subsidy subject to repayment and the requirement resulting from Article 207 paragraph 1 of the Public Finances Act to repay the entire amount of the subsidy received as well as provisions of Article 325. Hence, even if the Appellant were to file a cassation claim with a common court concerning a breach of the principle of proportionality when determining the amount of the financial correction, it can be assumed that this court would confirm the justification, resulting from the cited legal regulations, for the IZ PO IG to demand that the Beneficiary repay the full amount of the subsidy granted.

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²⁰ See the procedural model of defending the beneficiary's rights arising from the project financing agreement before common courts, which culminated in the Supreme Court's judgement of 7 October 2015, file reference number I CSK 878/14, www.sn.pl/orzecznictwo.

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POLISH DEAL POLICY AND ITS IMPACT ON THE FINANCIAL INDEPENDENCE OF POLISH MUNICIPALITIES IN THE YEARS 2018-2023

Summary

The goal of this paper was to present the impact of the Polish Deal policy on the financial independence of Polish local governments. The article analyses the income situation of municipalities and cities with county rights in the years 2018-2023. The most important income categories were analyzed. Furthermore, the impact of the tax reform on the level of liabilities and operating surplus was analyzed. Research confirms that the changes introduced under the Polish Deal, primarily in tax policy, had an adverse effect on the financial situation of Polish municipalities, especially large cities. Downward trends in one of the most important categories of municipalities' own revenues, i.e. shares from personal income tax, reduce their income independence.

Keywords: Polish Deal, tax reform, municipal revenues, financial independence.

POLITYKA POLSKIEGO ŁADU I JEJ WPŁYW NA SAMODZIELNOŚĆ FINANSOWĄ POLSKICH GMIN W LATACH 2018-2023

Streszczenie

Celem artykułu było przedstawienie wpływu polityki Polskiego Ładu na samodzielność finansową polskich samorządów. W artykule dokonano analizy sytuacji dochodowej gmin i miast na prawach powiatu w latach 2018-2023. Analizie poddano najważniejsze kategorie dochodowe. Ponadto przeanalizowano wpływ reformy podatkowej na poziom zobowiązań oraz nadwyżki operacyjnej. Badania potwierdzają, że wprowadzone w ramach Polskiego Ładu zmiany, głównie w polityce podatkowej, niekorzystnie wpłynęły na sytuację finansową polskich gmin, szczególnie dużych miast. Trendy spadkowe w jednej z najważniejszych kategorii dochodów własnych gmin, tj. w udziałach z podatku dochodowego od osób fizycznych obniżają ich samodzielność dochodową.

Słowa kluczowe: Polski Ład, reforma podatkowa, dochody gmin, samodzielność finansowa.

Introduction

Local self-government is one of the most important public sector institutions in every democratic state. The reactivation of local self-government in Poland was and is considered one of the most important elements in building a modern state. The revival of municipal self-governments in 1990 was the first stage of a long-term process of change. The following steps effected under the country's reform established self-governing counties and voivodeships (provinces) in January 1, 1999. As J. Matwiejuk emphasizes:

"the most important principles regulating the organization and competences and thus characterizing the systemic status of local government in Poland include: the principle of subsidiarity (auxiliary), the principle of division of local government tasks into own tasks and delegated tasks, the principle of a dual system of bodies, the principle of the incompatibility of the "free mandate" of a councillor, the principle of transparency of the operations of local government, the principle of presumption of the competences of the municipality and the principle of supervision of the activities of local government units from the point of view of legality" (Matwiejuk, 2014, p. 316).

The following principles are considered significant, especially from the point of view of financial management conducted by local governments: the degree of decentralization, the principle of adequacy of resources and the principle of financial independence. Decentralization in the field of public finances is associated with providing local governments with competences to carry out public tasks, but also with providing them with appropriate financial resources. As emphasized by E. Kornberger-Sokołowska (2012), the issue consists not only in transferring tasks or equipping local governments with municipal property, but it is also important to create a mechanism for allocating public funds to local government units that is as objective, stable (durable) as possible and independent of the variability of the political system. This issue constitutes the foundation of a truly independent, economically and financially self-reliant local government.

Financial independence, considered to be the paradigm for the operations of local governments, is divided into income, expenditure and budget independence. One of the most important is the revenue independence, because it determines the framework within which local government can operate. The structure of local government revenues, including the amount of their own revenues, is also of major significance. The level of financial independence is determined, among others, by the ratio of the share of own revenues in the total revenues of a local government unit.

The level of own income in Poland in recent years has been shaped by numerous determinants, such as changes in tax rates or changes in tax relief.

One of the most tangible factors with significant consequences for the finances of Polish local governments was the introduction of the Polish Deal policy by the government.

The goal of the paper is to examine the impact of the Polish Deal policy on the financial independence of Polish local governments. The paper analyses the income situation of municipalities and cities with county rights in the years 2018-2023. The most important income categories were analyzed. Among other things, the level of own income of municipalities and cities with county rights (CwCR) in their total income was examined. In particular, the analysis included income from shares in PIT, which are considered to be an indicator of the independence and financial strength of a local government unit (LGU), income from shares in CIT, and the real estate tax, which is important for local governments. In addition, the impact of the tax reform on the level of liabilities and operating surplus was analyzed, which, as values related to income, reflects the financial condition of local government units.

The primary thesis of the paper proclaims that the introduced reform of the Polish tax system had an adverse impact on the financial independence of local government units and contributed to the loss of stability and predictability of the finances of the examined local government units.

1. Financial independence of local government units

Financial independence is one of the priority principles of local government finances and is inextricably linked to the process of decentralization of public finances, the effect of which is the transfer of financial resources to local governments, but also the authority to spend them (cf. Musgrave, 1959; Devas et al., 2008; Ruśkowski, 2007). As noted by E. Kornberger-Sokołowska (2001, p. 101), the scope of independence of local authorities may, however, vary in individual countries, being a derivative of the functions performed by the public authorities and the manner and proportions of their division between the central and local authorities. In Poland, over the last decades, there has been a strong trend of transferring public tasks to the level of local governments, especially municipalities. In the research conducted by P. Swaniewicz (2014), Poland was included in the group of countries (apart from Hungary and Slovakia) which, in terms of decentralisation, are leaders in transferring public tasks from the state administration to local government units. In this way, this group of countries came closer to the models of territorial self-government of Western Europe. Compared to other countries of Central and Eastern Europe, these three countries were characterised by a high level of financial independence, which was reflected, among others, in the right to set the level of local taxes and a transparent system of transferring funds from the state budget to local government budgets, as well as a high level of independence in taking out loans.

Financial independence consists in such aspects as:

- income independence, understood as obtaining income;
- expenditure independence, which is manifested in making expenditures;
- budgetary independence, the most important activities of which are related to the creation and implementation of the budget (cf. Śmiechowicz, Szołno-Koguc, 2019; Jastrzębska, 2004; Piotrowska-Marczak, 1997, 1998).

Each aspect of independence merits separate attention. As K. Surówka emphasizes, an important issue in the income approach is to ensure the possibility of increasing income and obtaining it from various sources. In the expenditure approach, independence should be reflected in the freedom of choosing the directions and types of expenditure (Surówka, 2013, pp. 22-25).

According to W. Misterek (2008, pp. 16-17), the revenue independence of local government units can be considered in five dimensions, i.e. according to:

- 1) types and structure of income, taking into account primarily the analysis of the size and share of individual components of own income;
- 2) the scope of tax authority, i.e. the competences of local and regional authorities in creating tax regulations;
- 3) the impact of non-tax sources on the level of one's own income, and therefore the possibility of obtaining income from one's assets;
- 4) the ability to obtain financial resources from new sources (including funds from the general budget of the European Union);
- 5) opportunities to conduct business activities, including conducting business activities with the goal of diversifying sources of income and implementing public tasks more effectively.

Z. Ofiarski (2012, p. 138) drew attention to an important aspect of managing income and expenditure independence; according to him the method and size of spending depend on the level and structure of the obtained income. In turn, the size and structure of revenues of individual local government units strongly depend on the types of these units, and therefore expenditure independence depends on income independence. Financial independence does not mean autonomy, much less financial self-sufficiency, and this implies the emergence of certain limitations, especially in the decision-making process regarding the scope of the budget or the conducted income and expenditure policy. M. Poniatowicz points out that the financial independence of local government units can be considered, for example, from the perspective of the possibility of making decisions by local government authorities to implement their own fiscal policy (Poniatowicz, 2015, pp. 15-16). The issue of making decisions in tax matters, both in terms of tax authority and the possibility of administering these revenues, is also emphasized by A. Czarny, who draws attention to the importance of own revenues in the income structure. According to the author a higher share of own income in total income means a greater scope of income independence of local government units, at least in theory (Czarny, 2016, p. 42).

An important factor influencing income independence is – as emphasized by, among others, W. Miemiec – the state guaranteeing sufficient financial resources for the implementation of public tasks. Providing local governments only with competences without ensuring adequate revenues undermines the essence of establishing local government. This aspect should be considered similarly in relation to expenditure and concerns the transfer of funds without granting the right to spend them (see Miemiec et al., 2013, p. 55).

When considering the determinants of the financial independence of local government units, it is worth to mention another key principle that underpinned the creation of self-government, namely the principle of adequacy of resources to tasks. Due to its importance and significance for the durability and stability of local government, this principle has been included in the Polish constitution. Article 167, section 1 of the Constitution (Journal of Laws 1997) states that local government units are guaranteed a share in public revenues in proportion to their tasks. Therefore, any changes in the tasks and competences of local government units occur jointly with appropriate changes in the distribution of public revenues. It is necessary to maintain proportion between the income obtained and the tasks performed. However the state budget situation should be always taken into account (Byrska, 2000, p. 23).

For L. Patrzalek (1999, p. 49), the most important feature of independence is ensuring the adequacy of the financial resources available to local government units to the amount of expenditure resulting from the tasks assigned to these units. The right of local government units to raise revenue is also guaranteed by the European Charter of Local Self-Government.

According to A. Bury, due to the complexity of economic, financial, political and legal processes in the local government subsector, it is difficult to clearly define the financial criteria for assessing the degree of actual revenue independence of local government units (Bury, 2005, p. 33). Despite these limitations, however, it is possible to distinguish a certain set of basic indicators that can synthetically approximate the level of revenue independence of local government units.

The basic financial indicators for assessing the income independence of these units include:

- 1) share of total income of local government units in the total income of the public finance sector;
- 2) the share of the total own income of local government in the total income of the public finance sector;
- 3) the share of local government units' own income in their total income;
- 4) the share of own income in the narrower scale (i.e. without the share in PIT and CIT) of a given level of local government in its total income;
- 5) the share of the total income of a given level of local government in its total income.

The indicators regarding the share of total income of local government units in the total income of public finance sector units and the share of local government units' own income in the income of the public finance sector units determine the degree of decentralization of public finances in the country. As a result, they bring closer the general scope of autonomy of local government in the country. On the other hand, the share of local government units' own income in their total income synthetically characterizes the possibilities of effecting income policy by local government units. This indicator is also considered to be the basic measure of financial independence in the sphere of both income and expenditures of local government (cf. Markowska-Bzducha, 2005, p. 567).

An interesting view on the possibility of examining income independence was presented by P. Swianiewicz, who proposed using the "independence ladder" to assess the degree of financial independence, which is based on the assumption of gradation of independence in both the income and expenditure aspects. On the income side the "ladder" includes:

- local government taxes – the widest scope of independence is observed when local government units have the ability to choose a tax from an extensive set of those permitted in a given country and to independently establish: rates, reliefs, exemptions and other elements of tax structure; and the narrowest scope is displayed when both tax rates and all tax preferences are set at the central level;
- transfers – the widest scope of independence occurs when local government units receive general grants, constructed on the basis of a stable and transparent (objective) algorithm; the narrowest scope occurs when local government units receive targeted grants for the implementation of precisely defined tasks with guidelines regarding the manner of their use;
- indebtedness – the widest scope of independence occurs when there are no formal legal restrictions/limits established in relation to the use of returnable financing sources by local government units, and the method and possibilities of incurring debt by local government units are determined exclusively by the market; on the other hand, the narrowest scope occurs when local government units are deprived of the possibility of incurring debt (using the capital market) at all.

According to P. Swianiewicz, a "ladder" similar to the one used to examine income cannot be used to examine expenditure independence. It is possible, however, to indicate the limitations of the analyzed independence, which refer to:

- introducing norms and standards for the provision of local public services, which local government authorities must comply with;
- legal regulations specifying the remuneration of local government employees;
- regulations regarding the employment and dismissal of local government employees;
- regulations on commissioning public tasks to local government units.

With this approach to the issue of expenditure independence, those local government units with the smallest scope of regulation in the described elements can be defined as the most independent, otherwise as those with the smallest expenditure independence (Swaniewicz, 2011, pp. 39-41).

To sum up, the financial independence of local government units is a necessary condition for the proper, efficient and effective implementation of tasks by local governments in modern countries. Ensuring the financial independence of local government units is important both for citizens and the state.

2. Sources of income of municipalities and cities with county rights

The three-level structure of local government in Poland, which is still in force, divides all local government units into three groups: municipalities, countys and voivodeships. The new structure of local government, proposed from January 2025 (Journal of Laws 2024, item 1572), will additionally include a City with Country Rights (CwCR) as a separate level. It is worth mentioning that the statistics and reports so far have distinguished CwCRs due to their specificity (usually large cities with importance and development potential significant for the local community). As of January 1, 2024, there are 16 voivodeships, 314 countys, 66 cities with county rights and 2,477 municipalities in Poland: 302 urban (including 66 municipalities that also have the status of a city with county rights), 1,464 rural and 711 urban-rural.

A city with county rights is a special type of local government unit, which in Polish local government structure is the local government of an urban municipality, does not belong to any county, performs its tasks independently, while maintaining the legal form of a municipality. The executive and managing body in cities with county rights is, by operation of law, the city president (Article 92 of the Act on County Self-Government). The structure and operation of authorities of a city with county rights, including the name, composition, number of members and their appointment and dismissal, as well as the principles of supervision are specified in the Act on Local Government (Journal of Laws of 1990, No. 16, item 95).

Both in legal acts and in the literature, the income of local government units (LGUs) is classified differently. The concept of "own income" often appears in these divisions, but its scope varies, which affects the assessment of the degree of financial independence of local government units at individual levels.

Pursuant to the Act on the Income of Local Government Units (Journal of Laws of 2003, No. 203, item 1966) (hereinafter referred to as UDJST) Article 3.1. the income of local government units is:

- 1) own income;
- 2) general subsidy;
- 3) targeted subsidies from the state budget.

Point 2 art. 3 of the aforementioned Act states that, for the purposes of the Act, the own income of local government units also includes shares in income from personal income tax and corporate income tax.

And point 3 of Article 3 of the Act on the Income of Local Government Units (hereinafter UDJST) states that the income of local government units may be:

- 1) non-repayable funds from foreign sources;
- 2) funds from the European Union budget;
- 3) other funds specified in separate regulations.

As far as the municipality's income is concerned, the UDJST provides for the following sources of income in accordance with the provisions of art. 4 item 1 of the UDJST:

1. The sources of the municipality's own income are:
 - 1) income from taxes: a) on real estate, b) agricultural, c) forestry, d) on means of transport, e) personal income tax, paid in the form of a tax card, f) (repealed), g) on inheritance and donations, h) on civil law transactions;
 - 1a) proceeds from additional tax liability related to tax evasion in regards to the taxes specified in point 1 letters a–d;
 - 2) income from fees: a) stamp duty, b) market fee, c) local, health resort and dog ownership fee, ca) advertising fee, d) (repealed) e) operating fee – in the part specified in the Act of 9 June 2011. – Geological and Mining Law (Journal of Laws of 2023, items 633, 1688 and 2029), f) other fees constituting the income of the commune, paid on the basis of separate provisions;
 - 3) income obtained by municipal budget units and payments from municipal budget establishments;
 - 4) income from municipal property;
 - 5) inheritances, bequests and donations to the municipality;
 - 6) income from financial penalties and fines specified in separate regulations;
 - 7) 5.0% of income obtained for the state budget in connection with the implementation of government administration tasks and other tasks assigned by law, unless separate regulations provide otherwise;
 - 8) interest on loans granted by the municipality, unless separate regulations provide otherwise;
 - 9) interest on overdue receivables constituting the municipality's income;
 - 10) interest on financial resources accumulated in municipal bank accounts, unless separate regulations provide otherwise;
 - 11) subsidies from the budgets of other local government units;
 - 12) other income due to the municipality under separate regulations.
2. The share in income from personal income tax from taxpayers of this tax residing within the territory of the municipality is 39.34%, subject to Article 89.
3. The share in income from corporate income tax from taxpayers of this tax who have their registered office within the municipality is 6.71%.

It is worth emphasizing that in the wide range of municipal income, own income is considered the basic category that affects the financial independence of local government units, which directly influences and determines the possibilities of current functioning and development prospects of local government units. As emphasized by E. Nowak (2022, p. 226), "The essence of the financial independence of a municipality is determined by its own income, in which the personal income tax and real estate tax are of particular importance in terms of value." A similar view is shared by S. Surówka and M. Piszczek (2023a, 2023b), who drew attention to the decline in the financial condition of municipalities, cities with county rights and cities forming the Union of Polish Metropolises, among others, due to the decline in income from shares in personal income tax.

According to J. Szołno-Koguc (2021), own income, which is the responsibility of local or regional bodies, is the most stable component of the local government budget (similarly Hajdys, 2017; Czempas, 2003). It can be stated that only this type of income allows for full autonomy in decision-making, while the use of funds transferred from the external funding system in the form of subsidies and grants constitutes a direct form of state influence on the local government economy (Czempas, 2003, p. 91). Own income enables local governments to conduct their own income policy, including tax policy.

In local government practice, it is often pointed out that income independence is superior to expenditure independence, because the actual financial independence of a local government is determined by its level of income, which it can freely dispose of in order to cover its expenses. Therefore, income independence is sometimes identified with financial independence, and even with the independence of local government in general (Szołno-Koguc, 2021, p. 16).

In the scope of income independence, the most important are the restrictions resulting from tax laws that determine the scope of the actual tax-levying powers of local government units. Moreover, the stability and efficiency of individual sources of income, especially own income, are important, which is largely determined by the socio-economic situation of a given local government unit. The level of financial independence of local government is therefore determined by both legal and systemic factors and the socio-economic context. These include, for example, the unemployment rate, the availability and cost of credit, the real income of society and the situation on the goods and services market, which affects the state and condition of public finances, and thus local government finances. Other factors include the method of allocating tasks between the central government and local governments or the legal status of the financial system of local government units. The demographic situation also plays a significant role. Internal factors certainly include the quality of financial management in individual local government units. However, what is crucial here is primarily fiscal efficiency and the stability of the system of financing sources. The variability in this area is not conducive to planning tasks in the long term or implementing the development strategies of local government units (Szołno-Koguc, 2021, pp. 15-18). In recent years, there has been a noticeable downward trend in the share of own income in the total income of municipalities, which is directly influenced by changes in tax regulations.

The above important aspects related primarily to the stability of the local governments' power base and influencing their financial independence will be discussed in points 3 and 4.

3. The policy of the Polish Deal and its impact on the situation of local governments

The vast majority of all expenditure on public tasks goes through the municipal budgets, which confirms the scope of their responsibilities, but also the magnitude of cash flows. Municipal expenditure is primarily focused on education, health and social protection. Polish local governments are highly dependent on transfers from the government, mainly from shares in personal income tax and the state's tax policy in this area, although these are classified as own income, as well as from transferred grants and subsidies. The income autonomy of Polish local governments is lower than the EU average, which confirms their greater dependence on central government transfers. The share of transfers in total income for Poland is approximately 60%, and for EU countries approximately 43% (EU Report, 2021, p. 68). Local governments have little autonomy in setting tax rates. The largest part of tax income comes from taxes shared between the central government and local governments. Therefore, the tax reforms introduced in relation to central taxes, especially the personal income tax, have far-reaching consequences for local governments.

The tax reform introduced in 2019 included personal income tax relief and exemptions, a higher minimum wage, pay rises for teachers and new rules on tax losses. It also had an impact on the budgets of local and regional authorities in 2020. For entrepreneurs, it meant some significant changes, such as mandatory *split payment*, a revolution in tax declarations, a white list of VAT payers was created and new exemptions were introduced in PIT.

The Polish Deal, which is important for local government finances, the change mainly comes down to the reform of the personal income tax, and in particular to the introduction of numerous reliefs in this tax. They concern a significant increase in the tax-free amount, a 5 percentage point reduction in the tax rate in the first tax bracket, an increase in the first tax bracket from PLN 85,528 to PLN 120,000, the introduction of reliefs for seniors, for families 500+, and, two years earlier, the so-called relief for "young" taxpayers who are under 26 years of age. All this resulted in a decline in income from personal income tax, which mainly affected local governments, which have their share in this tax. However, not all groups of taxpayers benefited from the reform introduced by the Polish Deal. From 2022, the health insurance contribution will no longer be tax deductible. Poles paying PIT began to be charged a 9% contribution to the National Health Fund. The basis for its calculation is the gross salary after deducting the ZUS contribution. Until the end of 2021, the National Health Fund contribution was charged to taxpayers only at the rate of 1.25%.

In addition, the reform of the flat-rate tax on recorded income introduced in 2021 resulted in an additional decline in income from PIT on general terms. Until the end of 2020, the lump sum tax was a form of taxation for small entrepreneurs whose revenues did not exceed EUR 250,000 per year, while in 2021 the revenue limit was raised to EUR 2 million. However, local government units do not have a share in this tax. The state budget gained additional income, while local governments lost income from personal income tax.

The proposed solutions in the area of PIT, as emphasized by Piszczek and Surówka (2023a, 2023b), have worsened the income situation of those local government units in whose territories the economic entities paying this tax are located. Rural and rural-urban municipalities were less affected because farmers are exempt from personal income tax. The problem therefore concerns mainly medium and large cities.

It is worth emphasizing that the government also decided to establish new instruments to support local governments in the period under review, which include: Government Fund for Local Investments or Government Fund for Polish Deal: Strategic Investment Program, Fund for Counteracting Covid-19, Funds going through the National Fund for Environmental Protection dedicated to local governments or support from extra-budgetary funds. Access to these funds was based on unclear criteria, which was emphasized by local governments, who even accused the government of discretion, unequal treatment and unfair access to funds. Malinowska-Misiąg (2022), Czudec (2021), Flis and Swianiewicz (2021), Bober (et al., 2020), Izdebski (2020) and others wrote more extensively on this topic.

However, regardless of the above, events beyond our eastern border, such as: a huge influx of war refugees, war-induced inflation and interruptions in supply chains, were not without significance and had a major negative impact on local budgets. According to the Warsaw Enterprise Institute (Piekutowski, 2023), between 3.5 and 4 million immigrants came to Poland, 60-75% of whom were Ukrainians. This translated into specific consequences for local budgets, for example in the form of transferred social benefits benefiting Ukrainian citizens with refugee status.

In summary, the implementation of the Polish Deal consisting in reducing income from personal income tax resulted in limiting the financial independence of some groups of local government units. Their shares in PIT have been reduced, limiting the importance of their own income in the structure of total income. This applies especially to large cities. Co-financing local government units with targeted subsidies (which took place in 2021 and 2022), despite improving their liquidity, should also be perceived as limiting their financial independence. Moreover, the transfer of subsidies did not ensure the adequacy of the income of individual local government groups in regards to the scope of the tasks carried out.

Reports compiled by BGK (2020) and the European Committee of the Regions (2021) confirm the difficult situation of local governments in the reviewed period, primarily in the area of declining local government income. This is also confirmed by Fitch Agency ratings (2020) concerning the decline in corporate income (CIT).

4. Research methodology

The study was conducted for the 2018-2023 period. The study covered two groups of units, i.e. municipalities and cities with district rights (CwCR). There are 2,477 municipalities in Poland, including 1,464 rural municipalities, 711 urban-rural municipalities and 302 urban municipalities, including 66 municipalities that are also cities with county rights. According to the Polish constitution, municipalities are the basic units of local government (Article 164 of the Constitution of the Republic of Poland, 1997). In turn, cities with county rights are a very specific group of units, bringing together many inhabitants and also providing many services. For example, CwCR carry out approx. 75% of all local government investments in Poland, while more than 40% of

the population live in the 12 largest Polish cities. The CwCR therefore concentrates the majority of public and business services. CwCRs are also an important centres of education and culture.

The study analyzed the main income categories of Polish municipalities, i.e. the categories of own income with particular emphasis on the two most important tax sources, i.e. income from shares in PIT and CIT, as well as income from real estate tax. Changes in the structure of total income were also characterized from the point of view of the most important sources generating income, i.e. the level of own income, targeted grants and subsidies. Moreover, the impact of tax changes on the most important economic categories such as the level of debt or the level of operating surplus of municipalities was also shown.

4.1. The level of own income of municipalities and CwCRs

The income of Polish municipalities is mainly shaped by three income streams: own income and subsidies and targeted grants. The data in Tables 1 and 2 below demonstrate how these streams of the main income groups changed in the reviewed period for two groups of local governments: municipalities and CwCRs.

Data from Table 1 confirms that for municipalities the share of own income in total income is at an average level of approx. 43.5%. The highest share of own income in the structure of total income was recorded by municipalities in 2021 (44.53%) and 2022 (44.28%). In regards the share of purposeful subsidies in the structure of the total income of municipalities, on average in the period under review it was at the level of approx. 33%. The highest share of 35.41% was recorded in 2022. As for the share of subsidies in total income, it is at an average level of approximately 23%.

This structure of total income looks slightly different for the CwCR group. These cities generated an average share of their own income in the total income structure of around 55%, i.e. 11.5 percentage points higher than that of the municipalities. This demonstrates a different CwCR potential for this income group than that of the municipalities. In regards to the share of targeted subsidies for CwCR, it was at an average level of approximately 23.65% in the reviewed period, while subsidies amounted to approximately 21.34%.

Whereas for municipalities the trend of the share of own income in total income is more or less constant, this trend is characterized by a decline in the case of CwCR. Between 2018 and 2023, this was represented by a decrease of 3.6 percentage points (see data in Table 1 and Table 2).

Table 1

Share of own income, targeted subsidies and subventions in total income for municipalities in 2018-2023 in %

Specification	2018	2019	2020	2021	2022	2023
Own income	43,25	43,27	44,01	44,53	44,28	42,69
Targeted subsidies	33,39	34,23	34,79	30,46	35,41	29,67
General subsidies	23,36	22,51	21,20	25,01	20,31	27,64

Source: own calculations based on data from the Central Statistical Office and reports of the Regional Audit Chambers.

Table 2

Share of own income, targeted subsidies and subventions in total income for CwCR in 2018-2023 in %

Specification	2018	2019	2020	2021	2022	2023
Own income	57,81	55,46	53,17	53,15	56,22	54,22
Targeted subsidies	22,69	24,95	26,96	25,00	23,20	19,09
General subsidies	19,50	19,58	19,88	21,86	20,58	26,67

Source: own calculations based on data from the Central Statistical Office and reports of the Regional Audit Chambers.

The next categories that were analyzed were income from shares in personal income tax and real estate tax, which constitute key income items in the own income of municipalities and CwCRs.

While it can be stated that income from real estate tax shows, for both municipalities and CwCRs alike, a basically similar constant trend in regards to the shares in personal income tax this trend is decreasing in both groups of local governments examined.

As for the share of income drawn from property tax in total income in the case of municipalities this indicator is at an average level of approx. 10.4%, while for CwCR it is at an average level of approx. 9.55%. As far as PIT income in total income is concerned, for municipalities in the period 2018-2023 this income was at an average level of approx. 15.78%, while in the last year 2023 it dropped to the level of 12.70%. Nevertheless, an upward trend of growing from 15% to 17% can be observed in the period 2020-2022. As far as CwCRs are concerned, the trend is decreasing in the reviewed period. The share of PIT income in the total income of CwCRs drops from 27% in 2018 to 18.8% in 2023. The average share of income from the share in PIT income for CwCRs is 24.24%, which is 8.7 percentage points higher than the average for this category for municipalities, so de facto more than 55% higher.

It is worth emphasizing that the PIT share is treated as an indicator of the independence and financial strength of a local government unit, so their decrease means the loss of an important source building the economic and income potential of a local government unit. From this point of view, CwCRs are characterized by higher income and greater financial independence (see Table 3 below).

Table 3

The share of personal income tax and real estate tax in the total income of municipalities and cities with district rights in 2018-2023 in %

Specification	2018	2019	2020	2021	2022	2023
share of PIT tax in total income in % – municipalities	17,00	17,00	15,00	16,00	17,00	12,70
share of property tax in total income in % – municipalities	11,00	10,00	10,00	10,00	10,00	11,40
share of PIT tax in total income in % – cities with county rights	27,00	27,00	24,00	25,00	25,00	18,80
share of property tax in total income in % – cities with county rights	9,00	10,00	9,00	9,00	10,00	10,30

Source: own calculations based on data from the Central Statistical Office and reports of the Regional Audit Chambers.

For a more complete picture of the income situation of municipalities and CwCRs, the structure of tax income was also examined (see Tables 4 and 5). In the case of both groups of local governments: municipalities and CwCRs, it can be seen that the structure of tax income is dominated by income drawn from PIT and CIT income taxes. For municipalities, the value of this share is at an average level of approximately 53.3%, while for CwCRs this value is higher and amounts to almost 61%. In regards to the second significant component of tax income, i.e. real property tax, income from this tax for municipalities in the period under review amounted to 35.24%, while for CwCRs it amounted to 32.06%. The remaining tax incomes amount to approx. 11.5% of tax incomes for municipalities and approx. 7.1% for CwCRs.

This situation confirms that budget revenues in the examined local governments, especially in CwCRs, are strongly dependent on the PIT and CIT shares. All the more so, the changes caused by the Polish Deal policy in the field of tax policy, specifically in the area of personal income tax, had adverse effect on the independence of local government units.

Table 4

Share of individual income groups in total tax income of municipalities in 2018-2023 in %

Specification	2018	2019	2020	2021	2022	2023
PIT and CIT	54,59	56,25	55,03	55,89	53,81	44,19
Property tax	34,51	33,09	34,13	32,79	34,68	42,22
Other tax revenues	10,90	10,66	10,84	11,32	11,51	13,59

Source: own calculations based on data from the Central Statistical Office and reports of the Regional Audit Chambers.

Table 5

Share of individual income groups in total tax income of CwCRs in 2018-2023 in %

Specification	2018	2019	2020	2021	2022	2023
PIT and CIT	61,27	62,91	61,59	62,31	60,81	56,05
Property tax	31,94	30,59	31,90	30,26	31,60	36,09
Other tax revenues	6,78	6,50	6,51	7,43	7,59	7,86

Source: own calculations based on data from the Central Statistical Office and reports of the Regional Audit Chambers.

4.2. Operating surplus and liabilities of municipalities and CwCRs

Two important categories influencing the financial condition of local government units were also analyzed. These were the operating surplus (OS) and the debt level (DL). Table 6 summarizes the dynamics of the debt level and the dynamics of the operating surplus for municipalities and CwCRs. Both of these categories are related to each other because if a local government generates a stable and sufficient operating surplus, there is no need for significant debt.

The data in Table 6 confirms that in the reviewed period we observe a decline in the dynamics of the operating surplus for both municipalities and CwCRs. The decline in the dynamics of the operating surplus for municipalities in the reviewed period was almost two-fold, while for CwCRs it was even more drastic, as it was almost eight-fold (a decline of 7.7 times). The low dynamics of the operating surplus had to result in an

increase in the level of debt. The debt dynamics for both municipalities and CwCRs remains above 100 percent. We observe particularly higher indicators for CwCRs, for municipalities only between 2021 and 2022 it was at a level of approximately 100%.

Table 6

Dynamics of selected financial categories of municipalities and cities with county rights in 2018-2023 in %

Specification	2019/2018	2020/2019	2021/2020	2022/2021	2023/2022
Dynamics of municipalities' debt level in %	108,00	105,56	100,00	99,71	113,78
Dynamics of CwCRs debt level in %	110,42	115,9	104,65	101,33	114,47
Dynamics of the operating surplus of municipalities in %	105,56	97,37	144,14	83,75	55,37
Dynamics of CwCRs operating surplus in %	97,73	93,02	88,33	49,06	12,88

Source: own calculations based on data from the Central Statistical Office and reports of the Regional Audit Chambers.

Based on the analysis conducted, it should be stated that the changes introduced by the Polish Deal policy resulted in significant losses in the structure of the own income of the examined local government units. Firstly, there is a noticeable decline in the income drawn from the shares of municipalities and CwCRs in PIT. This had an impact on the reduction of their operating surplus and also contributed to the increase of their debt level.

Conclusions

The study characterized the main groups of total income of municipalities and CwCRs from the point of view of the most important sources that form these groups, i.e. own income, targeted grants and subsidies. An analysis of the main categories of own income was also carried out, with particular emphasis on the two most important tax sources, i.e. income from shares in PIT and CIT, as well as income from real property tax. Moreover, the impact of tax changes on the most important economic categories such as the debt level or the level of operating surplus of municipalities was also demonstrated.

On the basis of the conducted research, it can be observed that in the 2018-2023 period:

- in the structure of total income of Polish municipalities, own income constitutes approx. 43.5% of total income. This indicator is higher by 11.5 percentage points for CwCRs and amounts to almost 55%. While the trend of the share of own income in total income for municipalities remains more or less at the same level, with a slight decline in the year 2023, for CwCRs this trend is characterized by a constant decline. With the exception of the year 2022;
- the two most important sources of own income, i.e. income drawn from shares in the personal income tax and income drawn from real estate tax, constituted in the reviewed period a share of approximately 26% of total income for municipalities on average, and about 34% for CwCRs;

- in the structure of own income, the shares deriving from real property tax are more or less at a similar for municipalities and CwCRs and remain at constant level: approx. 10.4% for municipalities and approx. 9.55% for CwCRs. However, when it comes to PIT income, a downward trend can be seen for both municipalities and their CwCR subgroup. For municipalities this is a decrease from 17% to 12.7% between 2018 and 2023, while for CwCRs this decrease is greater and amounts to over 8 percentage points (a decrease from 27% in 2018 to 18.8% in 2023). The average share of the PIT income category in the period under scrutiny for municipalities was approximately 15.8%, and it was approximately 24.5% for CwCRs;
- Declines in the municipalities' own income were compensated by increased income drawn from subsidies. For municipalities in the analyzed period, we observe this category growing in the total income structure from 23.36% in 2018 to 27.64% in 2023. For CwCRs these values are 19.50% in 2018 and 26.67% in 2023;
- In total tax income, the main source of income, i.e. shares in PIT and CIT constitute on average approx. 53% for municipalities and approx. 61% for CwCRs. In the reviewed period there was a noticeable decline in income drawn from PIT and CIT, both for municipalities and CwCRs;
- The decline in the shares from PIT and CIT was one of the major reasons behind the decline in the category the most important for financial independence, namely the operating surplus. The dynamics of the operating surplus for municipalities in the scrutinized period decreased by more than twofold. For CwCRs this decline is even more severe – almost 8-fold.

The analysis of the financial situation of municipalities and cities with county rights in the years 2018-2023 confirms that, above all, the changes introduced in Poland by regulations covered under the Polish Deal government policy had a major impact on financial situation of municipalities and cities with county rights. As a result of these factors, it can be observed that the financial condition of Polish municipalities has deteriorated, as confirmed by a review of the most important economic categories, such as own income and its structure, the dynamics of the operating surplus or the liabilities of the examined local government units.

It should be expected that in the future, decisions made by the government with regard to tax policy would take into account the specific nature of the activities of local governments, especially their income potential, so that the changes introduced would not reduce municipal income and, more broadly, financial independence of municipalities and would not result in the most important parameters becoming unpredictable and unfit for assessing the financial condition of local government units.

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EFFECTIVENESS OF PERFORMANCE BUDGETING IN EDUCATION

Summary

Observing the operations of local government units (LGUs), we can notice that "management" has been evolving dynamically in recent years and is taking on a new meaning. Local government units largely direct their activities towards the petitioner, or, to put it business-wise, the client. The search for tools for effective and efficient planning of public finances, as well as for rationalization and optimization of education expenditure often leads to performance budgeting. This form of budgeting includes a strategic approach to planning and spending public funds by local government units. The performance-based budget enables obtaining information on the priorities and effects of activities related to the expenditure of public funds. The implementation of the performance budget in local government educational units is aimed at streamlining decision-making processes and developing a better allocation of public funds, which is associated with improving the quality of educational services and meeting the needs of their recipients, i.e. students. The implementation of the performance budget increases responsibility and discipline in the management of public funds, which translates into the quality of education. Constructing a budget in the form of a task-based budget may result in greater attention being paid to the purposefulness of spending public funds, as well as monitoring the degree of implementation of the priority tasks included therein.

Keywords: performance budget, public finance, education.

SKUTECZNOŚĆ BUDŻETOWANIA ZADANIOWEGO W OŚWIACIE

Streszczenie

Obserwując działalność w jednostkach samorządu terytorialnego (JST), możemy zauważyć, że „zarządzanie” w ostatnich latach dynamicznie ewaluje i nabiera nowego znaczenia. Jednostki samorządu terytorialnego swoje działania w dużym stopniu ukierunkowują w stronę petenta, czy też klienta mówiąc językiem biznesowym. Szukanie narzędzi skutecznego i efektywnego planowania finansów publicznych, jak również racjonalizacji i optymalizacji wydatków na oświatę często prowadzi do budżetowania zadaniowego. Taka forma budżetowania, zawiera strategiczne podejście w zakresie planowania i wydatkowania publicznych środków pieniężnych przez jednostki samorządu terytorialnego. Budżet w ujęciu zadaniowym umożliwia uzyskanie informacji o priorytetach i efektach działań związanych z wydatkowaniem środków publicznych. Realizacja budżetu zadaniowego w samorządowych jednostkach oświatowych ma na celu usprawnienie procesów decyzyjnych, doprowadzić do lepszej alokacji środków publicznych, co wiąże się z podnoszeniem jakości usług edukacyjnych oraz zaspokajaniem potrzeb ich odbiorców, czyli uczniów. Dzięki wdrożeniu budżetu zadaniowego zwiększa się odpowiedzialność i dyscyplina w zakresie dysponowania środkami publicznymi, która ma przełożenie na jakość

kształcenia. Konstrukcja budżetu w formie zadaniowej może spowodować większe zwrócenie uwagi na celowość wydatkowania środków publicznych, jak również monitorowanie stopnia realizacji priorytetowych zadań w nim zawartych.

Słowa kluczowe: budżet zadaniowy, finanse publiczne, oświata.

Introduction

For many years, local government units have been coming around to creating expenditure plans in the context of tasks being performed, even though the adoption of this form of preparing budgets is not obligatory. Performance budgeting is widely supported by experts dealing with public finance issues because it is related to the optimal allocation of funds (Postuła, Perczyński, 2009). The essence of creating a performance budget is a global trend of changes in public administration and it is perceived as a significant element of the New Public Management (NPM) Concept (Kozuch, 2004, p. 72). This concept has become significantly more prominent in the field of management of public entities, and its main principles are reflected in new forms of budget creation, where much attention is paid to:

- analysis of the effects of public actions, where the results of actions carried out by public entities are to be planned in advance and their performance measured and cost-defined;
- decentralization at lower levels of administration i.e. granting greater decision-making powers to the direct executors of tasks, school principals in the case of education, and thus making them managers of units.

New management involves replacing the traditional bureaucratic model of education management with a managerial model, i.e. applying the principles and management models known and used in the private sector in the public education sector.

The justification for introducing a new approach to public sector management results from the growing expectations of citizens regarding the scope and quality of public services, including the quality of education, given the limited financial resources.

The basic principles of the new management include:

- results-oriented public education;
- continuous efforts to improve the quality of services provided, focusing on the needs of students and parents;
- measuring activities with the goal of producing results
- drawing attention to the process of utilizing existing material and human resources.

Activities aimed at proper and optimal management of public finances include strategic planning, monitoring and evaluation, multi-annual financial planning, internal audit, management control (risk management), cost accounting and performance budgeting, which is a key element of NPM. Observations demonstrate that the performance budget integrates all the aforementioned tools into one coherent public finance management system (Głowacka, 2011). The aim of implementing performance budgeting is not only to change the shape of the current budget and its structure, but above all to change the way of thinking about the functioning of public institutions, including local government schools, as well as to fundamentally reorganize the management of these units. The role of decision-makers is changing from administrators of public funds to managers.

Reaching the effects resulting from the introduction of performance budgeting as a new form of planning requires a lot of time. This time is needed to see the effects of actions and, above all, to change the culture of the organization, including moving away from the formalized work of public administration.

The task-oriented form of creating financial plans probably favours the decision-making processes undertaken and concerning the expenditure sphere of the budget policy of both the state and lower-level units. Its task is to support budget expenditure policy both in terms of allocation and redistribution of public funds. It is a tool enabling control over the expenditure of public funds and maintaining budget discipline¹. The above-mentioned financial management activities are supported by the components characteristic of the performance budget, i.e.: the hierarchical arrangement of expenditures consistently with their importance and their impact on the country's economic and social development, the analysis of expenditure efficiency and multi-year planning.

In connection with the numerous arguments for implementing the performance budget and its advantages, both indicated in the literature on the subject and by practitioners (local government officials), it seems that an appropriate motive, encouraging objective results, is to attempt to assess the effectiveness of implementing the performance budget at the local government level. The practice of implementing these solutions at the central level, as well as the huge diversity in the size of local government units and their financial potential, raises doubts as to whether activities related to the implementation of the performance budget always bring the expected benefits.

The practice of functioning of local government units allows us to state that a significant barrier to the implementation of the performance budget is the fact that for local government units it is a tool that raises many concerns as it is an unknown method of expenditure planning. Based on observations, it can be stated that only a small number of local government units in Poland use project methods (performance budgeting) in constructing their budgets. The performance budget usually functions in local government units only in relation to a specific group of budget expenditures, among which there are practically no expenditures on education. When deciding to engage in a discussion on the potential implementation of the performance budget tool, the local government authorities rather expect image benefits for the given unit by presenting themselves as managed in a modern way, and they do not necessarily see it as a method of rationalizing public spending. Hence, it is worth asking the following questions: Does the local government unit strives to be effective and efficient in implementing educational tasks, does it use tools for effective planning of the education budget, i.e. the performance budget, does planning expenditure on education in the form of a project bring the intended, positive effects?

The aim of this paper is to answer the main question: "Will performance-based budget planning ensure the effectiveness of activities in the area of education?"

¹ Processes related to the allocation of public funds are regulated by a number of legal norms that form the public finances discipline. Failure to comply with legal regulations is specified in the Act of 17 December 2004 on liability for violation of public finance discipline (Journal of Laws of 2024, item 104).

1. Performance budgeting as a tool for managing public funds

Efficient management of public funds is particularly important in the event of problems and threats in the field of public finances, including insufficient funds for educational tasks carried out by local government units. It seems important to properly recognize the real benefits resulting from the implementation of the performance budget in local government units and to determine the scope of application of this tool in relation to the efficiency and effectiveness achieved in the area of education.

Education is a costly task and requires pursuit of savings, and at the same time it is a very important task, as a result of which it is necessary to look for the best way to implement it. The role of performance budgeting is of great importance at the stage of creating an expenditure plan in educational institutions. The current traditional method of constructing the budget in local government units is based on budget classification and is usually carried out through financial units. The structure of the performance budget, unlike the traditional one, requires significant involvement of substantive units included in the structure of local government units in its creation, and most importantly, it determines responsibility for the performance of the tasks included in the budget consistently with the assumed goals. The application of the performance budget in local government units assumes increased efficiency and transparency of expenditure and the effectiveness of the implementation of public tasks. The task-based approach to planning allows not only for drawing attention to the purposefulness of expenditure, but also for measuring the results achieved based on metrics that reflect the effectiveness of the activities of the Local Government Unit.

The public good of education has two criteria: social, in which we notice the lack of possibility of exclusion from consumption, and economic, where the final cost is zero. Public education is provided free of charge and financed from public funds. By analyzing the transformation of the educational system in Poland over the course of twenty years of systemic transformation, the evolution of educational needs was shown. The effectiveness of performance budgeting in education reveals the problems of creating a budget in relation to planning educational expenditure. What is noticeable in this area is the specificity of the difference between the budget year and the school year and the related budget planning.

The method of creating a budget in local government units, i.e. the "classification" method, as required by law, and the task-based form of budgeting recommended by practitioners around the world, indicate the positive and negative aspects of their construction and functioning. The distinguishing features of both budgeting methods are listed below. What is an advantage for one form of budgeting, becomes a weak point for another, and this is how the features listed below should be interpreted.

Traditional budget:

- difficulty with linking expenses to goals and tasks;
- lack of multi-year projection of tasks expenditures;
- no connection between expenditure and effectiveness and efficiency categories;
- budget classification requires specialist knowledge;
- planning tasks after approval of financial resources (executive system);
- focus on the discussion on individual expense items.

Performance budget:

- improves the timeliness of task completion;
- allows for better monitoring of progress;
- more careful cost planning;
- spending money more efficiently.

2. Matrix of the efficiency and effectiveness of the performance budget in local government units

When considering the issue of managing a modern public administration unit, whether central or local government, one should take into account its efficiency, which, in addition to effectiveness, may be a determinant of the quality of processes implemented by offices.

The measure of the effectiveness of processes is therefore the degree to which the quality objectives contained in them have been achieved. From the point of view of process measurement, it is important that the specified goal is measurable and its achievement means that the process is exemplary. We can try to determine efficiency according to the same standard. This means that a given process is effective when it demonstrates the desired level of input used in relation to the obtained outputs (Bugdol, 2011, pp. 36-38). Despite the transparency of the financial management of local government units under the "traditional" budget, only the correctness of the administration of public funds in the light of the law can be assessed. However, it is difficult to call it a tool for measuring the effectiveness of financial management, as it does not contain data on the expected and achieved effects of the incurred expenses.

	effective	ineffective
efficient	1	3
inefficient	2	4

1	high results from the set goals and high results from the incurred expenses
2	high results from the set goals and low (no) results from the incurred expenses
3	low (no) results from the set goals and high results from the incurred expenses
4	low (no) results from the set goals and low (no) results from the incurred expenses

Figure 1. Performance budget efficiency and effectiveness matrix.

Source: own study.

Implementation effectiveness is measured by comparing actual implementation effects to planned effects, and efficiency by comparing actual implementation effects to incurred costs. Effectiveness is an action that to some extent leads to the effect intended as a goal. The only measure of effectiveness is how close we get to the goal. Cost is not a consideration here. Of the components of the useful result, only the anticipated effects are taken into account.

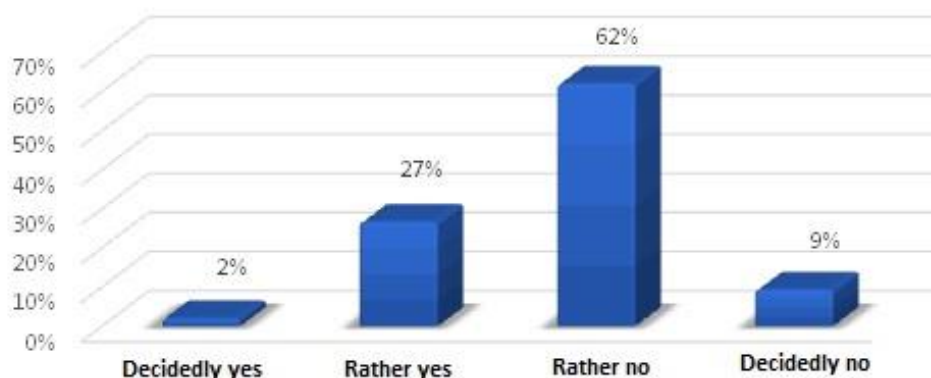
When assessing the implementation of objectives and tasks, the criteria of efficiency and effectiveness should be taken into account; when defining the objectives and tasks themselves, the units, organizational units or persons directly responsible for their implementation and the resources allocated for their implementation should be indicated. Moreover, modern management of public administration with the goal of achieving measurable, positive effects should be a strategic activity, combining all spheres of the organization's activity. Due to budget's service function towards society as non-profit organizations in the case of public administration units, the basic result of the effectiveness or efficiency of the budget functioning, could be defined as a quality management system, which would become a guarantee of striving for the best possible customer service. However, an inseparable element of striving for the best possible quality should also be the care for the efficiency of spending public funds, which would not result in a decrease in the quality of the services provided (Sasak, Krukowski, 2016, pp. 23-26).

3. Results of the conducted research

Scientific research on the functioning of the performance budget was conducted on a sample of 150 local government units (rural, urban-rural, urban and cities with county rights) from the Małopolska Province, which constitutes approx. 75% of all local government units in Małopolska.

The research was conducted mostly in the form of surveys, but also in the form of direct interviews. In the Małopolska Province, only 2.7% of the 150 surveyed local government units declare that they have implemented an appropriate performance budget. Approximately 2% of local government units utilize this tool only for certain tasks and in a very limited way, i.e. without using indicators or performance metrics. The remaining surveyed local government units do not create a “full” performance budget.

In most local government units in the Małopolska province where a performance budget is in place, it has no impact on the effectiveness of activities. The research results do not indicate the implementation of performance budgeting as a tool improving the effectiveness of local government units. The study results are presented in Graph 1.



Graph 1. Can a performance budget have a positive impact on the effectiveness of work in public administration?

Source: own study based on conducted research.

The management of educational services is treated as a priority among the tasks performed by local government units. This results both from the size of budget expenditure and the social importance we attach to education. The state transferring some of its powers to local governments has produced excellent material effects related to better management, greater mobility and creativity, as well as the thriftiness of local governments. The enormous expenditure on improving the teaching base has satisfied the basic needs of local communities in this regard, but we are moving on to the next stage of development of schools and institutions, a stage related to the expectations of consumers of educational services regarding improving the quality of these services. The above-mentioned activities should be linked to education quality standards combined with education financing standards.

Most of the surveyed local government units state that the performance budget increases the awareness of the objectives of the tasks carried out in local government units not only by decision-makers but also by employees, and also facilitates defining the objectives of the tasks carried out and, most importantly, the responsibility of substantive employees for the implementation of these tasks.



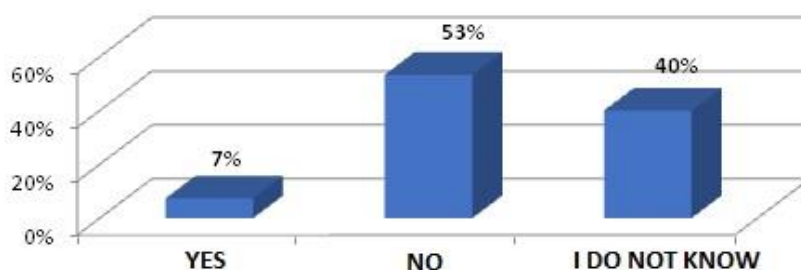
Graph 2. Increasing management effectiveness through performance budgeting.
Source: own study based on conducted research.

The benefits perceived by local government units related to the implementation of the performance budget include the possibility of better assessment of the effectiveness of the funds spent. Unlike traditional budget rules, where the goal of budget managers was to spend specific amounts of money in the course of a kind of "budget game" (not spending it, even due to saving money, was a penalty), in the case of a performance budget we are given a tool for analyzing the effectiveness of using public funds. If a goal appears, along with metrics for measuring its implementation, there also appears the opportunity for assessing the extent to which it has been achieved. The effects become calculable and comparable to costs, which provides a basis for making rational decisions on the further execution of tasks/subtasks and the functioning and financing of public institutions. Moreover, it is known exactly who is responsible for such an effect. The responsibility of public employees towards society therefore increases. The budget manager is placed in

the role of an institution that has entered into a specific contract with society to perform specific tasks, has agreed on goals, has received appropriate funds and can be held accountable for the results. It must be taken into account, however, that in practice it is very difficult to establish metrics (Postuła, Perczyński, 2010).

It should be noted, however, that studies conducted among local government units showing positive aspects of implementing the performance budget are usually of theoretical nature and do not result from their own experiences. It is worth noting that none of the surveyed local government units perceives the performance budget as a tool enabling the introduction of standards for the operation of educational institutions, which is assumed to be very important in planning expenditures on education.

The results of the research conducted among local government units in Małopolska are interesting when it comes to the real need for implementing performance budgeting in local governments. Despite the fact that performance budgeting is a well-known method of creating financial plans, more than half of the respondents (53%) claimed that they do not need a performance budget. This attitude raises the question that despite the many advantages of performance budgeting, public administration units do not see the need or purpose of implementing the performance budget.



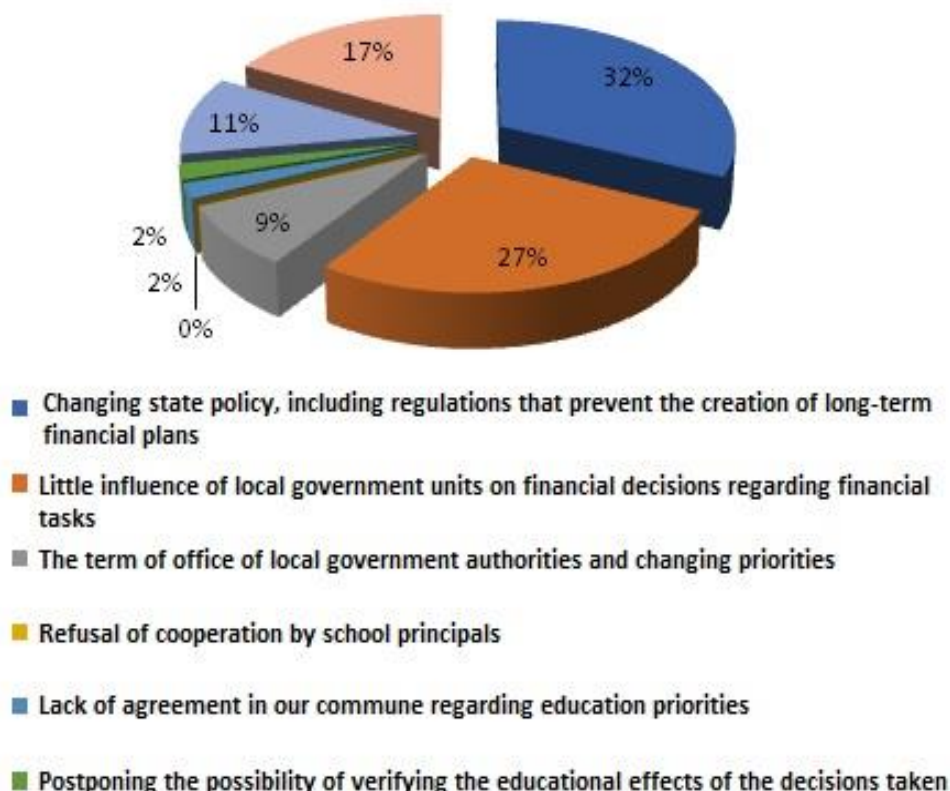
Graph 3. In your opinion, is the creation of a performance budget in local government units necessary?

Source: own study based on conducted research.

When carefully analyzing performance budgeting as a "perfect" planning and management tool, one should also focus on the obstacles that make it difficult to implement this tool in local government units. One of the main reasons that hinder the change of approach to the new design of financial plans for education are the legal and organizational obstacles of the state. According to the local government units participating in the study, the most important obstacles include:

- changing state policy in the field of education, which prevents the creation of long-term financial plans. 32% of respondents indicated this type of difficulty in creating a performance budget;
- 28% of the surveyed local government units in Małopolska also indicated a low influence of the governing bodies on shaping the financial policy of educational tasks.

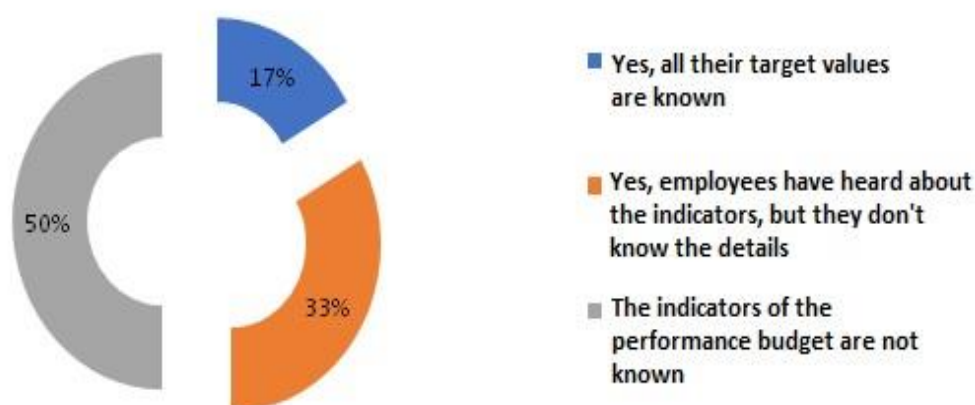
The top-down regulations related to the effective Teacher's Charter, as well as salary regulations, have an absolute influence on this situation. The main barriers and difficulties in creating/functioning of the performance budget in the area of education in local governments are presented in Graph 4.



Graph 4. Main obstacles and difficulties in creating/functioning of a performance budget in the area of education in the municipality.

Source: own study based on conducted research.

When characterizing the performance budget, we can point out many positive aspects of its use. However, the high level of work required to create a detailed performance budget translates into greater employee involvement than when creating a budget using the classification method and determines its implementation. In addition, the applicable legal provisions do not exempt local government units from creating a budget using the "classification" method even in the case when the budget was created using the task-based method. Hence, when local government units decide to create a budget in the form of performance-based budgeting, they are forced to plan the same expenses twice in two different ways. An additional problem that often appears in most local government units that have decided to implement a performance budget in parallel with a classification budget is the issue of selecting metrics of the performance of tasks included in the budget. Some local governments have introduced cost metrics, but in isolation from the metrics of material performance of tasks, the cost metrics do not exhaust the issues related to measuring the results of task implementation. Local governments that confirm the implementation of the performance budget in their units usually do not define any performance metrics or adopt them to a very limited extent.



Graph 5. Are your local government employees aware of the performance budget metrics for their area of responsibility?

Source: own study based on conducted research.

The presented results of the conducted study clearly indicate the lack of knowledge of the performance budget metrics for a given area of activity by the employees. According to the survey, 33% of respondents said that employees had heard about the metrics but did not know the details. Only 17% of respondents indicated that employees were familiar with the metrics and their target values within their scope of activities. Half of the surveyed local government units confirmed a complete lack of knowledge regarding performance budget metrics in their area of responsibility. The study's conclusion is the negative fact that the lack of measurement of tasks and, consequently, activities does not force local government employees to be responsible for their implementation. The pillar of the performance budget consists in properly defined objectives and metrics informing about the degree of their achievement. The performance budget begins to function in practice only when "tasks are correctly assigned to specific goals, these goals become the actual basis for the distribution of funds, and the functioning of public institutions actually begins to be assessed with the help of metrics" (Orłowski, 2010, p. 84). Objectives and metrics serve to reliably measure and objectively assess the effectiveness or efficiency of implementing plans in a task-based system. After conducting the study, it can be clearly determined that local governments lack competent people who can usefully define the objectives and measures of tasks. When we write about a useful method, we mean a method that would enable us to assess the effectiveness or efficiency of a task included in the budget plan.

Another obstacle faced by local governments operating a performance budget is the system of monitoring and reporting tasks in material and financial terms, which is closely connected to the measurement of the degree of achieving goals/performing tasks (Korczakowski, 2013). Currently there are no guidelines in Poland regarding the methods or even principles of analyzing the implementation of the performance budget.

In practice, it also turns out that numerous restrictions imposed on local government units by way of laws and other legal acts will significantly affect the possibility of applying the performance budget, and even constitute an obstacle to its implementation.

The Teacher's Charter problem is one of numerous elements limiting the flexibility of Polish local governments in educational expenditure. The responsibility for creating curricula, formulating educational standards and conducting external examinations, which are the responsibility of the Ministry of National Education, as well as the supervision and evaluation of the effectiveness of schools and teachers, which are the responsibility of education boards, lies beyond the jurisdiction of local governments. This means that local governments are obliged to finance educational tasks without the possibility of creating personnel or optimization policies. Political will is important to introduce changes at the local government level. Research has shown that the lack of flexibility in teachers' work makes it difficult to define goals and measures. Almost a half of local governments have doubts as to whether it is possible to define and measure the effects of education at all.

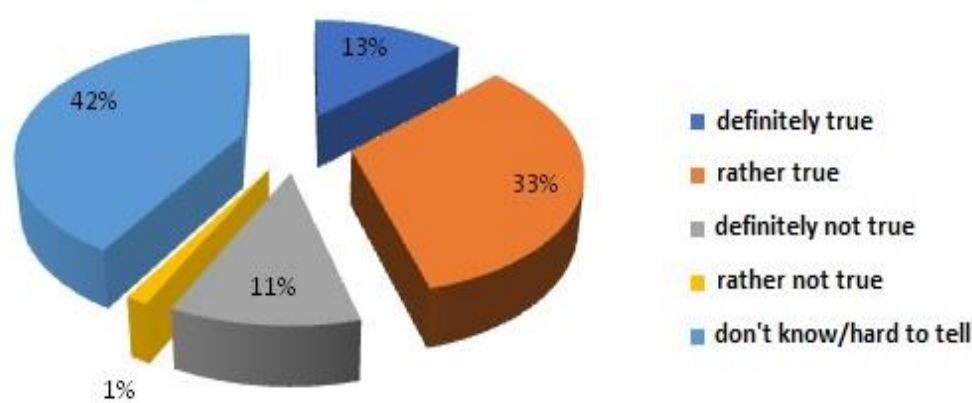


Figure 6. Due to the specific nature of education, it is not possible to introduce metrics of the effects of most educational tasks.

Source: own study based on conducted research.

As a result of the conducted research, it should be stated that in practice the scope of performance budgeting in the Małopolska local government units is presented only partially. This means that performance budgets refer only to selected areas of activity, e.g. current expenditure, investment expenditure, without the area of education. Also the feedback received in the direct interviews leads to the conclusion that the implemented performance budget does not have any task metrics, and the determined task costs are not total (no administrative costs). There is also a noticeable lack of indication of the persons responsible for carrying out the task. It can be stated that the task-based method has not found a wider-scale acceptance in the Polish budgeting practice of local governments (Chojna-Duch, 2014). One of the main premises behind creating a performance budget by the surveyed local government units is to create a tool for managing financial resources. Being aware that creating a traditional budget most often on the basis of historical data rewritten each year with minor corrections, often leads to a waste of money in local governments. Spending the money does not yield the expected results. Decision-makers are aware of this and want to allocate financial resources for local government tasks in a thoughtful and rational manner. Another important reason for using a performance budget is the ability to inform the public about the priorities and activities of local

government. One of the reasons for implementing performance budgeting in local government units, and thus changing the expenditure planning policy, is the fact that the performance budget is a useful aid in applying for European Union funds.

4. Conclusions

The results of the conducted research lead to several important conclusions:

- firstly, the performance budget, operating in its current formula in Poland at the local government level, is of a presentational nature only;
- despite continuous work on its improvement, performance budget still does not play its main role, i.e. a tool for rational spending of public funds;
- it is only a supplement to the traditional budget;
- despite many difficulties with its implementation, it provides citizens with clear information regarding the allocation of public funds;
- it can also be used as a tool supporting effective management

The practice of local government operations allows us to state that a significant barrier to the implementation of the performance budget is the fact that for local government units it is a tool that raises many concerns as an unknown method of expenditure planning. Only a small number of local government units in Poland use performance budgeting when constructing their budgets, while in the case of education, performance budgeting in this area is implemented as an expanded form of the descriptive part of traditional budgeting. The performance budget usually functions in local government units only in relation to a specific group of budget expenditures, among which there are practically no expenditures on education. When deciding to start a discussion on the potential implementation of performance budgeting, local government authorities rather expect image benefits due to a given unit being perceived as one managed in a modern way, and they do not necessarily see performance budgeting as a method of rationalizing public spending.

5. Proposed directions of change

The above content suggests the following directions for change:

- less interference of state policy in education work in local governments (impact on the level of remuneration, personnel policy);
- a complete departure from the classification method;
- changing the existing methods and means of reporting;
- change in social mentality;
- extension of terms of office in local government units.

The fact that in the current legal state the performance budget can be at most a parallel budget to the traditional budget is the main reason for the lack of progress in implementing performance budgeting in local governments. It is also worth emphasizing that key decisions are made politically. It can be stated that the implementation of performance budgeting in Poland does not provide full effectiveness in managing public finances, because it is largely influenced by politics. The independence of management decisions of municipalities and counties is decreasing in such areas as opening and closing schools, approval of the organizational sheet, and evaluation of the school

principal's work. It should be noted, however, that legislative changes, although they have a significant impact on the shape and functioning of the education system, have not resulted in any significant change in the method of financing education system.

Summary

The analysis of the concept and structure of the performance budget and the guidelines and postulates regarding its efficiency allowed for its positive assessment in theoretical terms, as a tool for measuring the effectiveness of local government units. In practice, measuring effectiveness through using a performance-based budget requires local government units to develop and adopt solutions that comprehensively implement this concept, at all stages of the budget procedure. The research conducted has shown that the performance budget model adopted by local governments is implemented selectively, e.g. in terms of the performance layout of selected expenditures, selected tasks or by publishing only selected elements of performance budgeting. This limits or prevents the measurement of effectiveness, which leads to a negative assessment of the performance budget in the empirical terms.

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THE ROLE OF THE BRAND IN PURCHASING PROCESSES: FROM CONSUMER AWARENESS TO LOYALTY

Summary

The paper focuses on discussing the role of the brand in decision-making processes of consumers, from building brand awareness to developing loyalty. The aim of this paper is to provide a theoretical study on the role and power of branding in consumer decision-making processes and its importance as a tool for building loyalty and competitive advantage. Brand levels were discussed, with attention drawn to economic and emotional aspects and how a strong brand influences consumer loyalty. The analysis contained herein indicates that brand awareness and brand structure (image and associations) play a significant role in the process of building lasting relationships with consumers and supporting long-term competitive advantage.

Keywords: brand awareness, consumer purchasing decisions, competitive advantage, behavioural economics.

ROLA MARKI W PROCESACH ZAKUPOWYCH: OD ŚWIADOMOŚCI DO LOJALNOŚCI KONSUMENTA

Streszczenie

Artykuł koncentruje się na szerokim omówieniu roli marki w procesach decyzyjnych konsumentów, począwszy od budowania świadomości marki aż po kształtowanie lojalności nabywców. Celem artykułu jest analiza wpływu marki na procesy decyzyjne konsumentów i jej roli w budowaniu przewagi konkurencyjnej przedsiębiorstw. Omówiono w nim ekonomiczne i emocjonalne aspekty marki, przedstawiając wyniki badań nad jej znaczeniem. Artykuł analizuje wpływ marki na decyzje zakupowe konsumentów, a także na budowanie wartości dodanej, wizerunku oraz pozycji rynkowej. Zwrócono uwagę na to, jak silna marka wpływa na kształtowanie lojalności konsumentów. Zawarta w artykule analiza wskazuje, że świadomość marki i jej struktura (wizerunek oraz skojarzenia) odgrywają istotną rolę w tworzeniu wartości, co przekłada się na satysfakcję konsumentów i wspiera długoterminowe budowanie przewagi konkurencyjnej.

Słowa kluczowe: świadomość marki, decyzje zakupowe konsumentów, przewaga konkurencyjna, ekonomia behawioralna.

Introduction

A *brand* is a set of unique features, such as a name, logo, symbol, values, and other elements that identify and distinguish a product, service, or company from its competitors in the market. Nowadays, a brand is not perceived solely as a trademark – it has become a key element of market strategy, building both emotional and functional bonds with consumers (Kall, 2001).

The role of the brand in the purchasing decision-making process is a consequence of modern marketing and financial research, especially in the context of analyzing customer behaviour. Research confirms that the brand influences purchasing decisions on both the emotional and functional level, depending on the nature of these decisions (Andruszkiewicz, 2011). The decision-making process, especially when choosing a product brand for the first time, can be prolonged – lack of previous experience and limited knowledge of the market mean that the consumer does not have developed preferences or evaluation criteria that would help him compare the options available on the market. Already at this stage of the decision-making process, the consumer may be partial to a specific product brand. On the other hand, in the case of consumers with experience and knowledge of the market, as well as developed evaluation criteria, purchasing decisions are more conscious and often focus on selected, preferred brands (Mazurek-Łopacińska, 2003). The importance of the brand in the case of purchasing specific product groups is emphasized by over 60% of respondents, both women and men (Grzybowska-Brzezińska, Grzywińska-Rapca, 2016).

Globalization, changing market conditions, including changes in product supply, have contributed to the dynamic development of the consumer market. Today, a brand is understood not only as a sign of quality, but also as a tool for building relationships with customers and influencing their purchasing decisions. Effective brand positioning – increasing brand recognition and solidifying its place in the minds of recipients – is a significant competitive advantage. Highlighting the unique features of the brand, providing added value to consumers and building an emotional bond are key to long-term development and achieving a significant position in the consumer market (Teślawski, 2015). Therefore a properly established and developed brand becomes an attribute of the company and a key tool of its market strategy.

The aim of this paper is to provide a theoretical study on the role and power of branding in consumer decision-making processes and its importance as a tool for building loyalty and competitive advantage. Furthermore, the paper touches upon the issue of anti-consumerism, which influences the contemporary approach to the role of the brand.

1. The importance of branding in purchasing decisions – an overview of key concepts

The goods and services market is saturated with a huge number of brands that are competing for the attention of consumers and trying to bolster their position against the competition. As a result, companies make use of a variety of marketing campaigns to achieve their sales goals, which means that consumers are constantly exposed to intense advertising. The results of the Meaningful Brands study, cited by Cybulska, show that as many as 91% of brands could disappear from the market without any major concern for consumers from Eastern Europe – only 9% of those brands present on the market are believed to play an important role and have a real impact on the quality of life (Cybulska, 2016). This data suggests that despite the vast number of brands available, their relevance to consumers is often limited to a few truly important ones, showing that only a few brands have real significance to the buyer. Therefore, market presence does not guarantee success – the success is achieved by brands that are able to build a bond with buyers, gaining their recognition and trust.

Creating a powerful brand¹ that builds strong and positive relationships with the customer affects the level of satisfaction felt by the consumer when purchasing the product. The increasing market competition demands that brands be managed with an emphasis on building their meaning and strength. Keller points out that the strength of a brand is primarily determined by the associations it evokes in the minds of consumers, which emphasizes the importance of a positive image and an appropriate communication strategy (Dryl, 2014). Consumers clearly define their brand preferences, a fact which is reflected in their familiarity with and loyalty to selected brands. Chorób (2013) notes that consumers increasingly frequently pay attention not only to the price but also to the quality of products, which proves the growing importance of brands that guarantee high quality.

From an economic point of view, a strong brand influences the price elasticity of demand – the consumer is less sensitive to price changes of products of recognizable and trusted brands. For companies, this translates into the ability to set higher prices without a significant drop in demand (Kotler, Kartajaya, Setiawan, 2016). This type of price advantage resulting from consumer brand loyalty leads to increased profit margins and reduced sensitivity to price competition. An example would be the luxury goods sector, where customers are willing to pay higher prices based on the emotional value and reputation of the brand².

Brands play a key role in the purchasing decision-making process, influencing consumer preferences and determining their loyalty to specific products. One of the popular models for describing brand structure is the concept proposed by de Chernatony and McDonald. This model presents a brand using four levels that reflect the various functions and benefits the brand offers to consumers (Figure 1).

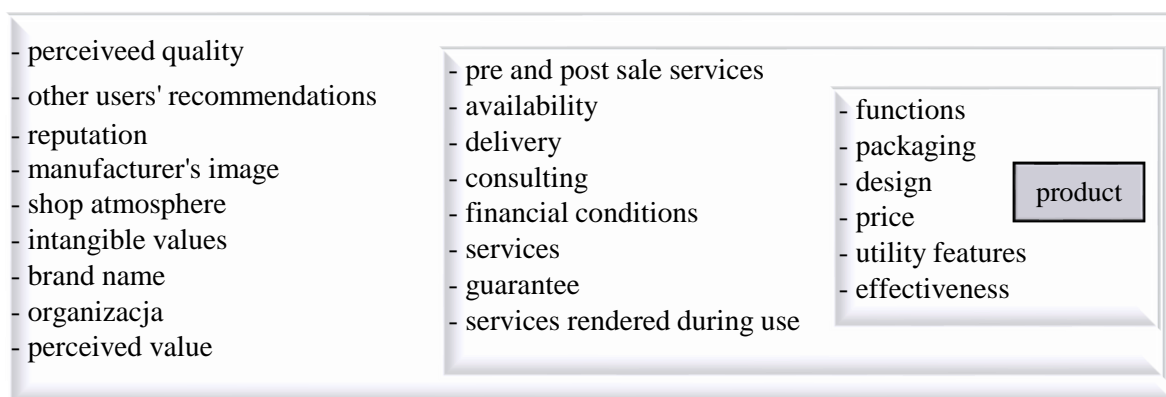


Figure 1. The four levels of branding according to de Chernatony and McDonald.

Source: own study based on *Silna marka. Istota i kreowanie*, J. Kall, 2001, Warszawa: PWE.

¹ Brand strength is the ability of a brand to build a competitive advantage by creating unique values appreciated by consumers, expressed in brand recognition, positive image, customer loyalty and willingness to pay a higher price. Brand strength also covers perceived quality, brand associations, and the emotional and rational connections that determine its ability to attract and retain customers (*Marketing przyszłości. Od ujęcia tradycyjnego do nowoczesnego*, G. Rosa, J. Perenc, 2016, Warszawa: C.H. Beck, Rosa, 2016; *Zarządzanie marką*, J. Kall, R. Kłeczek, A. Sagan, 2013, Warszawa: Wolters Kluwer Polska SA).

² Brand reputation is the perception of the brand by the environment, resulting from customer experiences and stakeholder opinions, influencing brand's credibility and market advantage (*Marketing przyszłości. Od ujęcia tradycyjnego do nowoczesnego*, G. Rosa, J. Perenc, 2016, Warszawa: C.H. Beck; *Zarządzanie marką*, J. Kall, R. Kłeczek, A. Sagan, 2013, Warszawa: Wolters Kluwer Polska SA).

Brand analysis by product structure allows us to identify the brand strength intrinsic to its individual components (Rosa, Perenc, 2016; Kall, 2001).

- I. **Generic brand level** – is an integral part of every brand, includes the basic product and the benefits it brings, but is not the basis for brand differentiation.
- II. **Expected level of functionality** – meets the minimum requirements set by buyers. This level includes basic performance characteristics such as efficiency and effectiveness, product packaging, price, etc. The set of these factors is extremely important in a situation when the buyer has little purchasing experience within a specific product category. Competition takes place at the level of expectations of "what does the brand do for the customer?".
- III. **Extended level** (meeting functional and emotional needs) – includes additional, higher requirements and needs, both functional and emotional. This level corresponds to an increasing sense of confidence when making purchases, willingness to experiment or look for the best value, and analysis of available options in terms of price. At this level consumers consider different brands as potentially different alternatives, and the choice of one over the other may depend on factors such as availability, warranty, or after-sales services.
- IV. **Potential level** – here the brand offers additional values that distinguish it from its competitors. These may be elements not directly related to the product, such as reputation, brand image³, recommendations from others or the unique atmosphere of the shopping place.

The last two levels, i.e. the extended level and the potential level, are crucial to the long-term brand strategy. Brand support at these levels allows a company to stand out from the competition while building a solid foundation of loyalty and long-term relationships with customers – which is extremely important in an era of growing competition and changing consumer expectations.

2. Brand awareness and purchasing decisions

Brand awareness is closely linked to brand reputation. It is a resultant of its familiarity, starting from recognizability and ending with the possession of specific cognitive structures among consumers (Koniewski, 2012). Brand awareness also means the ability of a potential buyer to recognize or associate a brand with a given product category, thus constituting the level of brand awareness. However, the mere knowledge of the brand name among potential buyers is not tantamount to its full awareness (Kall, Kłeczek, Sagan, 2013; Zawadzka, 2006).

The key elements influencing brand awareness are the name, product category and needs that the brand satisfies. These elements shape the image of the brand in the minds of consumers and constitute the basis for further building of its image (Figure 2).

The manner in which a brand is perceived directly impacts perceived value. Repeatable connotations resulting from consumers' contacts with the brand consolidate its recognition and build lasting associations in the minds of recipients. Brand awareness plays a role in limiting consumers' cognitive effort and shortening the purchasing

³ Brand image is the way in which consumers perceive a brand, shaped by associations and opinions resulting from the interpretation of signals such as the name, advertising, packaging appearance, price, and promotional activities (*Silna marka. Istota i kreowanie*, J. Kall, 2001, Warszawa: PWE).

decision-making process. From the economic perspective, brand awareness can be a way to reduce transaction costs – thanks to brand recognition, the consumer does not have to spend time comparing products, which simplifies the decision-making process (Williamson, 1985). This works as a form of *cognitive economics*, reducing the costs of searching for information. The creation of such associations is a result of consumer's contact with the brand's information elements, such as (Kall, Kłeczek, Sagan, 2013):

- brand name;
- the product category to which the brand belongs;
- the needs met by this product category;
- situation in which the brand can be used.

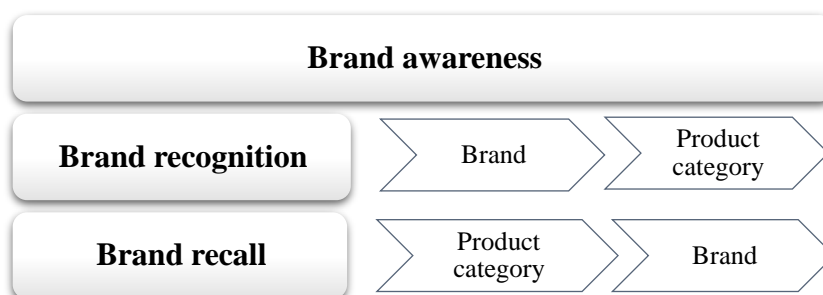


Figure 2. Sources of brand awareness.

Source: prepared based on *Dlaczego przywiązujemy się do marki?*, A.M. Zawadzka, 2006, Gdańsk: Gdańskie Wydawnictwo Psychologiczne; *Zachowania konsumentów*, R. East, M. Wright, M. Vanhuele, 2014, Warszawa: Wydawnictwo Wolters Kluwer; *Zarządzanie marką*, J. Kall, R. Kłeczek, A. Sagan, 2013, Warszawa: Wolters Kluwer Polska SA.

Consumer purchasing decisions are based on brand knowledge resulting from familiarity with the brand and previous experience with the product offerings. Brand recognition simplifies the decision-making process and plays a key role in building a competitive advantage (Figure 3).

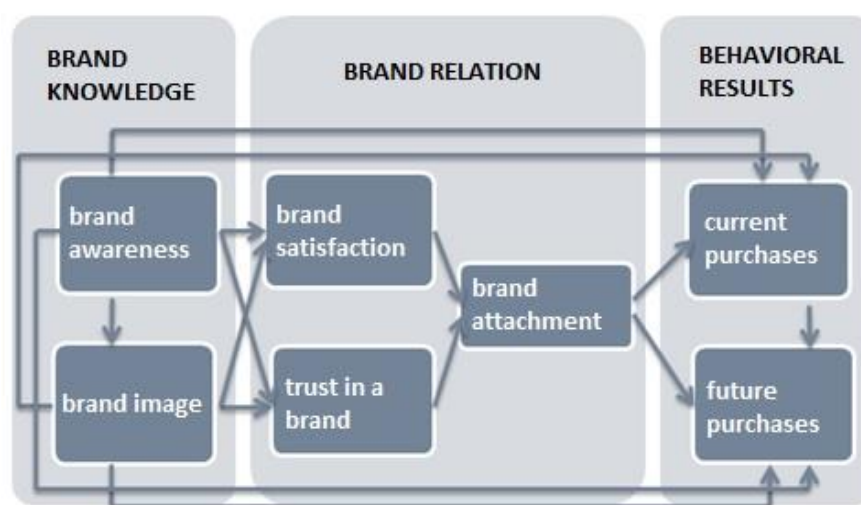


Figure 3. Brand knowledge as a result of consumers' purchasing decisions.

Source: own study based on "Are brands forever? How brand knowledge and relationships affect current and future purchases", F.R. Esch, T. Langner, B.H. Schmitt, P. Geus, 2006, *Journal of Product & Brand Management*, 15(2), p. 101.

Brand awareness spans several levels of advancement: from recognition to dominance. The lowest level of awareness is *brand recognition* – the ability to identify a brand from others in a given product category as a result of prior contact with the brand. Brand recognition is a direct link between the external stimulus, when the consumer encounters the brand at the point of sale, and the response – the recognition of a need. Immediate awareness indicates which brand in a given product or service category is first considered when making a purchase decision (Krycia-Chomińska, 2013; Kall, 2001; Keller, 1993).

The *brand recall mechanism* refers to the consumer's ability to spontaneously recall the name of a brand in the context of a specific purchase need from a given category. Spontaneous awareness enables the consumer to make a decision more quickly, especially when choosing between several recognizable brands, which provides an advantage over competitors, especially in situations when the buyer does not analyze the purchase in detail (Kall, 2001).

The next level of brand awareness is mentioning the brand first, i.e. brand priority (*brand salience*). Unlike other levels of brand awareness, this is the degree to which the brand is preferred during shopping trips when the consumer needs to make a quick decision. Brand salience reflects the strength of a brand in the minds of consumers, especially loyal ones, and is a valuable measure of the effectiveness of advertising activities (van der Lans, Pieters, Wedel, 2008; Romaniuk, Sharp, 2001; Kall, 2001).

The highest level of brand awareness is *brand dominance*, in which consumers identify only one brand in a given product category. Brand dominance is the most advanced level of awareness, constituting a significant competitive advantage, especially in situations when the consumer is looking for a proven product (Dudovskiy, 2012).

Brand strength is the result of a number of factors, such as customer loyalty, overall satisfaction with product purchases or the service provided, and the extent to which the brand meets consumer expectations. Brand strength is also related to consumer perception, which influences purchasing decisions and brand loyalty. The assessment of the importance and power of a brand focuses on its market value and image. The most important factors building this strength include brand perception, the appearance of the product offered and consumer trust. An indicator of customer loyalty and satisfaction, NPS (*Net Promoter Score*), is also increasingly frequently used, which reflects customers' willingness to recommend a company or service to others (Van Den Bergh, Behrer, 2012).

The first step in building a brand's position on the market is to establish it in the minds of buyers. Brand awareness is the result of associations related to it and is a necessary condition for building brand's image. At the same time, brand awareness determines the consumer's consideration of its purchase when making a purchase. The power of a brand lies in both its communication effects (i.e. awareness, image and associations created in the minds of buyers) and its behavioural effects (behaviour resulting from brand loyalty). Keller notes that these elements directly influence brand perception and ultimately consumers' purchasing decisions (Kall, Kłeczek, Sagan, 2013).

Brands that have built a strong market position are vulnerable to attacks from imitators who may try to copy their solutions and image in order to attract customers. That is why proper brand protection is extremely important. This protection includes both

legal aspects, such as patents and trademarks, as well as strategic actions to increase the uniqueness of the brand in the eyes of consumers. It is helpful not only to use patent protection and a trademark, but also to build a brand image in such a way that it is clearly associated with a given company.

The ability of a brand to be spontaneously recalled in the minds of consumers indicates its position among other brands. It also influences brand's perceived strength, which depends on the size of the group of people recognizing it and the place it occupies in the minds of consumers. Companies strive to establish a positive brand image in the minds of customers, which may influence the development of their loyalty (Witkowska, Witkowski, 2007). Barlow and Stewart (2014) compare building brand awareness to the art of instilling brand values through a logo, which in effect provides a foundation for knowledge about the character of a company or organization.

However, the brand and its attributes are not a universal recipe for success, they are only one of many elements influencing purchasing decisions. In practice, there are situations in which the brand plays a secondary role – especially when purchasing basic necessities and FMCG (*Fast Moving Consumer Goods*) products. In such cases, price, availability and quality become crucial, and popularity or recognition are less important.

Research conducted by PwC in 2020 demonstrated that for almost all Poles (93%), the prices of products and services are of major importance when making a purchase. This trend continues, as confirmed by data from the Strategy& report from 2024, indicating price as the most important factor in choosing products by Polish consumers. TNS OBOP research from 2015 also confirms that when purchasing everyday products, Poles are guided mainly by price (83%) and quality (67%), while the brand is important only to every third consumer (32%). The order of importance of these factors remains consistent with the 2005 results, but it is worth emphasizing that the importance of the brand has clearly increased by 81% compared to the results of the research conducted in 2003. The brand is more often appreciated by people in their thirties, and it is also important for Poles with a higher financial status (TNS Polska, 2015; Sokołowski, 2006).

J. Łodzian-Grabowska's research from 2015 shows that almost 60% of respondents pay attention to the brand when making purchasing decisions, while only 12.4% do not take it into account. The aforementioned study also asked about specific product categories that consumers choose based on brand – footwear came first (15.7%), followed by clothing (15.2%) and consumer electronics (15.7%). Only 1.4% of respondents stated that the brand is not important to them when making purchases. A different approach to this issue was presented by the youngest respondents aged 18-24, who saw it as a factor determining their choice of footwear and clothing.

In turn, Strategy&'s research from 2022 shows that when choosing a place to shop, Poles primarily pay attention to prices, and compared to 2020, the importance of promotional offers has increased. The factors that may persuade consumers to change their preferred brand include a number of stimuli, but the most important are financial ones, such as better value for money (42%) and promotional offers (34%), with high product quality only ranking fifth in the hierarchy of importance. Brand reputation and image continue to dominate Poles' purchasing choices (PwC, 2024; PwC, 2022).

For young consumers, unique features of a brand that distinguish it from the competition and give it an individual character are also key. Research by Van den Bergh and Behrer (2012) shows that the brand logo is very important for young buyers, acting as a symbol, a specific visual brand identity and a shopping guide. The global position of the brand is seen as an indicator of its potential and strength, but high quality of the products offered and credibility of the offer are essential.

3. Brand as a tool for building loyalty and competitive advantage

Brand loyalty is the repeated purchasing decisions of consumers resulting from their trust in the brand, positive experiences and identification with its values. Brand's competitive advantage lies in providing unique values that distinguish it from the competition. These two elements – loyalty and competitive advantage – are closely linked, and their interaction ensures a brand has a lasting position in the minds of consumers, becoming their preferred choice.

Undoubtedly, the brand is an important differentiator taken into account by consumers when making purchasing decisions. Research indicates that buyers perceive a brand as a guarantee of constant quality, which is particularly important for those who expect a constant level of satisfaction with each purchase (Majkrzak, Salerno-Kochan, 2016; Newerli-Guz, 2015; Dryl, 2014; Semprusch-Krzemińska, 2014; Szulce, Janiszewska, 2006).

The basic functions of a brand are identification, warranty and promotional functions, which influence its perception and play an important role in consumers' purchasing processes. A brand also has a symbolic function, being a tool for non-verbal communication. By consuming certain products, consumers can express their individualism or belonging to a social group, which allows them to emphasize their social status (Elliot, Percy, 2007; Kall, 2001).

In some industries, such as clothing industry, consumer choices reflect lifestyle and status, making branding a key part of the consumer's identity. This approach, which is the result of socio-cultural changes, favors treating the brand as a determinant of identity and strengthens the emotional attachment of consumers, which in turn builds loyalty (Sempruch-Krzemińska, Kall, Perchla-Włosik, Raciniewska, 2016; Kall, 2001).

The factors that differentiate consumers' knowledge about brands and directly influence their strength are awareness and image, i.e. the strength of connotations associated with brands. A credible brand builds consumer trust, which in turn translates into consumers' satisfaction and encourages them to choose the offered products again. Consumer loyalty to a brand not only provides a company with financial stability, but also creates barriers to market entry, which further strengthens the competitive advantage, thereby limiting the opportunities for new competitors.

However, the brand's strong position can also met with criticism, especially in the context of commercialization. Critics argue that excessive commercialization of a brand leads to negative reactions from consumers, who may reject the brand as a symbol of corporate influence on society (Klein, 2009). Bylok (2016) describes anti-consumerist movements as a phenomenon that develops in opposition to excessive commercialization, symbolic prestige of brands and the culture of consumerism. Instead of accumulating branded goods, such movements focus on values such as minimalism, localism, authenticity and social responsibility. Consumers critical of consumerism and excessive commercialization

are increasingly looking for products with limited negative impact on the environment and those that support local communities. Therefore, a strong brand may encounter resistance from consumers who value more sustainable alternatives and values that go beyond their corporate image.

A strong brand can ensure consumer loyalty, but this is only possible if it is based on an excellent quality of a product or a service. A good reputation attracts the attention of buyers and is an important asset to a company, but it is not in itself a guarantee of success. Building a sustainable competitive advantage requires companies to not only maintain high product quality, but also innovation and effective communication with consumers. Thanks to its ability to build trust and loyalty, a brand becomes not only a differentiator for a company, but also a strategic resource that allows it to strengthen its market position in the long term, increasing stability and resistance to growing customer expectations and changes in the competitive environment.

Conclusions

Brand knowledge directly influences buyers' consumption behaviour, and building lasting bonds is the result of brand knowledge. Brand recognition shapes consumers' decision-making process by referring to memory and own experiences (Sempruch-Krzemińska, Kall, Perchla-Włosik, Raciniewska, 2016; Koszewska, 2012; Wolanin-Jarosz, 2015; Beemer, Shook, 2010). Brand awareness undoubtedly plays an important role when purchasing a product for the first time, while subsequent purchases focus on functional attributes such as quality, functionality, taste and smell. The power of brand awareness increases in purchasing decisions when the product meets consumer expectations. Moreover, it is closely related to customers' attitude, trust and perceived brand quality (Wolanin-Jarosz, 2015; Koniewski, 2012).

To sum up, a strong brand has a significant impact not only on consumer purchasing decisions, but also on the overall functioning of the market. Brand's impact on the price elasticity of demand, consumer loyalty and competitive advantage means that brands play a key role in the structure of markets and are one of the tools that allow companies to achieve higher profit margins, even in conditions of high competition. Creating and maintaining an appropriate brand image is the key to building brand awareness among consumers (Riaz, 2015).

P. Nedungadi's research, cited by Zawadzka (2006), shows that a high level of brand awareness directly affects the probability of choosing this brand over others. With brand awareness, consumers can reduce the time and effort needed to compare products available on the market. The interpretation of a brand as a cognitive simplification is particularly apt in the case of FMCG products such as food, where purchasing decisions are often based on simple choices.

A brand is undoubtedly of strategic importance to businesses and is not just an attribute important to consumers. Growing competition and emerging anti-consumer trends are forcing brands to become more engaged with consumers. Building brand awareness and reputation are long-term activities that can help develop a competitive advantage, especially when consumers choose a brand because of the quality it offers, not just the price.

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EDUCATION TOWARDS THE REQUIREMENTS OF THE LABOUR MARKET

Summary

The publication presents the problems of contemporary education against the background of the requirements of the external labor market. Essential aspects of education and the labor market were presented, using the results of secondary research cited from various reports. As a research method, literature analysis and a research tool in the form of a survey questionnaire were used. The theoretical part was developed on the basis of selected literature on the subject and analysis of reports. The empirical part contains the results of primary research carried out on a purposefully selected sample of respondents. In the presentation of the obtained research results, a description of the basic research results was used.

Keywords: education, work, labour market.

EDUKACJA WOBEC WYMAGAŃ RYNKU PRACY

Streszczenie

Publikacja prezentuje problemy współczesnej edukacji na tle wymagań zewnętrznego rynku pracy. Przedstawiono w niej zasadnicze aspekty edukacji i rynku pracy, posiłkując się wynikami badań wtórnych przywołanych z różnych raportów. Jako metodę badawczą zastosowano analizę literaturową i narzędzie badawcze w postaci kwestionariusza ankiety. Część teoretyczną opracowano na podstawie wybranej literatury przedmiotu oraz analizy raportów. W części empirycznej zamieszczono wyniki badań pierwotnych, zrealizowanych na celowo dobranej próbie respondentów. W prezentacji uzyskanych rezultatów badawczych zastosowano opis podstawowych wyników badań.

Słowa kluczowe: edukacja, praca, rynek pracy.

Introduction

Labour market conditions are shifting perpetually. Currently, the labour market expects employees to be educated in the field of multi-skilling and mobility, which is associated with having appropriate skills to perform various tasks (Myjak, Myjak, 2016). The significance of knowledge and the processes leading to developing and applying knowledge is increasing (Mikuła, 2018). Numerous employers are on the lookout for employees who understand the necessity of functioning in the technical world and are able to efficiently utilize technological tools (Andrzejewska, 2018). Personalized knowledge of employees becomes valuable just as much as improving employee's skills, a complex

process in on itself. Therefore enterprise educational programs should encompass not only training, but also education of employees. By combining elements of training and education the training policy of an enterprise may lead to increase in competitiveness and efficiency of its operations (Kozłowski, 2023), e.g. through procedures and activities aimed at supporting the learning of all members of the organization (Zacłona, 2019). Training contributes to the growth of employee qualifications and, as a result, to maintaining or improving the work performance standards, promotes improved and faster implementation of new techniques and technologies, enables better flexibility in managing human resources and, above all, influences employee's commitment and motivation (Kmiotek, Lewicka, 2006). Thus adults will be motivated to learn the most if they will be convinced that they are able to learn new content and that learning will aid them in solving real problems that constitute a significant obstacle for them, e.g. in their professional life (Chabior, 2021).

The modern labour market demands from university graduates to possess a diverse set of skills and to be creative. Graduates with a good command of foreign languages, who have completed internships in renowned companies and have specific achievements exceeding the curriculum are greatly valued. Currently memorizing rules and definitions in order to obtain a good education is not enough. Using EU projects' funding universities are making efforts to create modern laboratories, which will enable universities to launch competitive study programmes (Szmidt, 2014). It is being indicated that in the context of the labour market circumstances regarding opportunities and threats young people, students and university graduates, find themselves in a specific situation and that their vision of the professional future, also on the labour market, is defined (Bartkowiak, 2014).

This paper was created on the basis of a review of the subject literature. Research reports were also utilized. The cognitive goal of this paper is to attempt to demonstrate the connections between education and the labour market. The research objective is to identify the perception of the labour market and education in the context of contemporary requirements regarding the future.

1. The essence of connections between education and the labour market

Education and the labour market are connected through a vast network of educational and professional relations. Participants in the education system transfer into the labour market, but participants in the labour market can also benefit from the education system by improving their qualifications or competences. In this manner participants in the labour market expand their knowledge and improve their skills. Graduates begin their professional activity either by working (employment) or by being unemployed. At times their educational activity turns into passivity, both in regards to education and professional work (Ambroży, 2012). Work is a fundamental activity in the life of every person. Education is undeniably the period of preparation for performance of work. Apart from human development education is also responsible for obtaining necessary knowledge and acquiring skills to be used in professional work (Rogowski, 2022). Education has a general developmental and utilitarian dimension and the completion of higher education is considered as a crowning achievement of education. The motives for undertaking education at this level vary; the most commonly indicated reasons include increasing the chances of finding a good job, pursuing one's passions or interests, and the desire or need to continue learning (Rogowski, 2022). Education becomes a service

like any other and is subject to similar market laws (Karoń, 2022). In education, it is not only important to prepare a person for working in a chosen professional field, but also to equip people with the necessary qualifications and competences enabling professional mobility and adaptation to the changing demands of the labour market. It is also important to be aware of the need, or even the necessity, of lifelong learning and implementing this process (Ambroży, 2012).

Rapid changes in the labour market lead to the emergence of a global knowledge society and development of new tasks for the education system concerning the need to improve the conditions under which university graduates enter the labour market. Meeting this challenge requires combining the development of young people's skills with creating opportunities for young people to gain experience (including international experience) at the stage of higher education. The involvement of social partners and external stakeholders, as well as systematic monitoring of the labour market is also of major importance (Zapotoczna, 2021). Currently numerous universities offer e-learning degree programs and the concept of e-learning is becoming increasingly popular (Goyal, 2012). The subject literature draws attention to the fact that in the digital era the digital world in conjunction with the idea and mechanism of globalization will change the human world into an increasingly universal, structural and largely controllable world. Claims are also being made that in the culture of cyberspace the most creative, frequently extremely subversive ideas play a crucial role; this fact is also related to the emergence of digital culture of education across the world (Jędrzejko, 2014). Artificial intelligence, which becomes increasingly embedded in the professional sphere, is an example of this phenomenon which is why it is crucial to prepare students in a manner which will enable them to thrive in a future dominated by artificial intelligence and keep pace with technological progress in the labour market (Grassini, 2023). This is important because significant changes on the European labour market are expected in the coming years, including changes in the following areas (*Employment and Social Developments in Europe 2013, 2014*):

- the demand for improving qualifications and skills in technical professions and managerial positions;
- greater synergy between professional profiles;
- greater turnover within and between companies;
- increased levels of pressure and stress at work;
- increased job insecurity;
- increasing automation of employee groups, increasing the scope of their responsibility;
- shortening periods of unemployment;
- new ways of effective employee engagement and social dialogue;
- increased uncertainty regarding maintaining a job with simultaneous increase regarding the certainty of employment throughout life.

The modern labour market operates on the principle of competition, where on one hand employers compete to attract and retain employees who are effective in developing the organization's activities and bring profits, and on the other hand employees compete with each other in order to obtain or maintain a job position (Serena, 2016). Therefore employees must systematically expand their knowledge and skills to meet rapidly changing job requirements (Miś, 2016).

2. Reports review

Rynek pracy, edukacja, kompetencje. Aktualne trendy i wyniki badań [Labor market, education, competences. Current trends and research results] Report (2024) demonstrates that better cooperation between the education system and the broadly understood labour market is necessary so that young people starting their professional life are better prepared for the tasks awaiting them, and that an employer draws satisfaction and benefits from acquiring competent employees. The *Młodzi Polacy na rynku pracy [Young Poles on the Labor Market]* study (2021) shows that prior to taking up employment, young people thoroughly examine their future employer to such an extent as to pay attention to the good opinion of their friends regarding the employer, e.g. that the employer cares about the good induction of a new employee, and not the fact that specific companies use chatbots or cooperate with bloggers. Transparent communication regarding remuneration for work and a wide range of benefits are also important for young people. Moreover, young people appreciate the fact that the employer attempts to actively reach out to young talents by conducting training, workshops or online meetings, supporting student organizations and demonstrating its approachability during job fairs.

Przyszłość edukacji. Scenariusze 2046 [The Future of Education. Scenarios for 2046] report (2021) compiled by in future institute in cooperation with Collegium da Vinci, shows that in order to prepare for future changes the system of education should start developing different options for the future. The *Kompetencje przyszłości: jak je kształtować w elastycznym ekosystemie edukacyjnym [Competencies of the future: how to develop them in a flexible educational ecosystem?]* report (2021) provides information that from a future perspective, competencies that distinguish human work from the work of IT systems, robots or artificial intelligence are becoming crucial and that in these areas, humans will still be difficult to replace. The above-mentioned *Przyszłość edukacji. Scenariusze 2046 [The Future of Education. Scenarios for 2046]* report (2021) specifies that contemporary education systems face a major challenge in preparing young people for an unknown future in times of the most dynamic changes in human history. That is social, environmental, economic, regulatory, legal and technological changes. Technological changes in particular seem to bear the most significance for the shape of future education. This applies in particular to robotization and automation, a kind of "technological tsunami", which translates into the need for constant adaptation to new digital tools, as well as the algorithmization of life and work. A similar sentiments can be uncovered in the *Aktywni + Przyszłość rynku pracy [The Active + The Future of the Labour Market]* Gumtree 2017 Report (2017), which demonstrates that a sizeable proportion of Poles (83%) believe that new technologies are the key to success on the labour market. The report also indicates that in the coming years automation, digitalization and related phenomena will fundamentally change the definition of work. Therefore, investments in people and their capital are not without significance, as evidenced by the *The future of skills employment in 2030* Report (2017), which claims that investments in employee's skills must remain at the heart of any long-term company strategy aimed at adapting to structural changes. It is worth mentioning that the *Labor Market Barometer 2024* (2024) informs that the labour market situation remains stable in terms of employers' decisions to increase employment, but this is done at the cost limiting new investments within enterprises.

3. The research methodology

The research regarding education and the labour market was conducted in the fall of 2023. The research was quantitative in nature. The research employed a survey technique using an original survey questionnaire, which was distributed in electronic form. The choice of the research tool corresponded to the adopted research conceptualization. The research tool consisted of two parts. The first, theoretical part concerned obtaining from respondents the information related to education and the labour market. The second, empirical part was concerned with obtaining information characterizing the respondents, i.e. gender and specific field of study. Under the research process enterprises (where the respondents worked) were also identified and divided in respect to: their size measured by the number of employees, type of business activity conducted and the scope of operations of the enterprises.

139 respondents were surveyed under assumption that this number will ensure the credibility of the obtained results. The research sample was selected consistently with the research assumptions (the author wished to survey over 100 working students who have professional experience gained in various sectors of the economy and who are also simultaneously studying). The analysis of the research results was performed on a purposive sample of respondents and contains basic statistics in the form of the number of responses.

Two research theses were established:

T1: Education supported by electronic teaching aids is becoming a necessary condition for effective teaching.

T2: The new labour market requires preparing a lifelong learning strategy for all labour market participants.

The two research theses were verified in a descriptive manner, without the use of statistical indicators, which was the author's intention and which can be treated as a prelude to further, in-depth research.

The results presented in the paper are a reference to part (not the whole) of the survey questionnaire prepared for a purposefully selected sample. The research results are therefore a fragment of the broader empirical research conducted by the author. When describing the empirical data, a descriptive analysis of the basic research results was used.

4. Characteristics of the respondent group

The research sample consisted of students of a public university – the University of Applied Sciences in Nowy Sącz. In terms of gender, 81% of the group consisted of women and 19% of men. In the case of fields of study, Economics was studied by 36% of respondents, whereas Management and Economics and Corporate Finance – by exactly 32% each. In terms of the size of the enterprises where the respondents were employed the most numerous were small enterprises employing up to 49 people (61%), followed by medium-sized enterprises employing from 50 to 250 people (22%) and large enterprises employing more than 250 people (17%). The distribution of enterprises by type of activity was as follows: service enterprises constituted the largest percentage of all respondents – 74%, trade enterprises – 22%, and manufacturing enterprises – 9%. In terms of the scope of business activity, the majority enterprises operated on the local

market (52%), followed by companies operating on the domestic market (32%), and on the international market (17%). It should be noted that the data regarding the type and scope of business operations do not add up to 100%, because some of the enterprises engage in the so-called mixed activities, e.g. production and trade, and operated on more than one market.

5. Results of the research

Respondents were first asked to select only those statements regarding education with which they fully agreed (Table 1). Respondents could indicate more than one answer option.

Table 1

Perception of education (science)

Specification	Number of indications	% of indications
Education supported by electronic teaching aids is becoming a significant and often necessary pre-requisite for effective teaching activities.	76	55
Learning should be an activity undertaken throughout the entirety of one's professional life.	73	53
No higher education course prepares a person to work in a specific position, and the changes taking place require continuous training.	72	52
Education should be expected to prepare students to make use of the achievements of civilization, as well as to co-create civilization achievements and to prepare students for what will come in the future.	53	38

Source: own study based on research results.

The tabular summary (Table 1) displays that the first three statements were confirmed by more than a half of the respondents. This fact demonstrates that the respondents are aware of the use of electronic teaching aids in education, the phenomena of lifelong learning and the fact that higher education is not the culmination of formal education, but constitutes a contribution to further expansion of knowledge and skills. 55% of respondents indicated that education is becoming a significant and necessary condition for teaching activity. Exactly 38% of the respondents indicated their future-focused expectations related to education and using the achievements of civilization as well as co-creating such achievements. The obtained research results enabled confirmation of thesis no. 1.

It can be concluded that it is worth, and even necessary, to utilize electronic teaching aids in the process of teaching, because modern media and electronic devices, such as computers or the Internet, are necessary in the process of acquiring knowledge and shaping attitudes. It is necessary to constantly develop and improve your competences in order to catch up to the changes and meet challenges of modern day, it is necessary.

The respondents were also asked to indicate from among the given list of statements concerning the labour market (presented in Table 2) those statements with which they agreed fully.

Table 2

Perception of the labour market in terms of continuous learning

Specification	Number of indications	% of indications
The new labour market requires from all labour market participants to prepare a lifelong learning strategy	52	37
The ongoing digital transformation brings forth social inequalities and results in the necessity for constant retraining and lifelong learning.	41	30
An important condition for success on the future labour market is shaping students' attitudes in terms of awareness of their potential and the need to expand said potential.	40	29

Source: own study based on research results.

The summary contained in Table 2 demonstrates that for more than a third of the respondents the labour market bears a significant impact on education which emphasizes continuous learning. This opinion was shared by the majority of respondents, 37%, but this number is not sufficient enough to unequivocally confirm thesis no. 2, which assumes that the new labour market requires continuous learning from each labour market participant. No significant discrepancies were observed in regards to the last two statements presented in Table 2. The respondents perceived them similarly in terms of the structure indicator.

It can be concluded on the grounds of the presented results, that the contemporary transforming labour market requires from both employees (current and future) and employers to adapt to new conditions. Adopting active attitudes in the labour market translates into the ability to engage in lifelong learning and supplementing (updating) human potential.

Conclusions

In the age of implementing modern technologies into economic practice, enterprises need well-educated and properly prepared employees in order to develop. An appropriate education system, oriented towards the realities of the external labour market, where people who are motivated to learn throughout their lives have a greater chance of finding employment, is also needed. The labour market is closely connected to education. Educational background is the product of education and defines the status of employees on the labour market, determining their professional position in the work environment. In turn, employee skills are an indispensable element of effective and efficient functioning for enterprises.

The ponderings presented in this paper have demonstrated the connections between education and the labour market. It has been proven that education and the labour market are connected through numerous relationships and that they are multi-threaded in nature. However, the issues discussed herein require further exploration due to their

importance for both businesses (and more broadly – for the country's economy) and for the future education system. Various changes are taking place in the economy and individual enterprises, which also force changes in the area of education. In the face of these changes, a special role is played by education, which is faced with the challenges of adapting to the needs of the labour market.

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REVIEW OF NEW PUBLICATIONS

Monika Danielska (ed.)

University of Applied Sciences in Nowy Sącz

Przedsiębiorstwa komunalne w teorii i praktyce. Efektywność a cele społeczne [Municipal enterprises in theory and practice. Efficiency and social goals] (1st ed.)

Author: Eugeniusz Wojciechowski

Publisher: Wydawnictwo Naukowe PWN

Warszawa 2023

Author – Eugeniusz Wojciechowski – economist, associated with the University of Łódź, former head of the Department of Local Government Economy, author of over 200 publications on the subject of enterprises and municipal economy, local government, public management and local finances.

The book contains 10 chapters devoted to legal, financial and organizational issues of the operations of municipal enterprises under the conditions of a market economy.

The activities of these entities take place in the public utility sphere and are subject to specific economic and legal norms. These enterprises operate in the interests of the residents – the self-governing community of recipients (consumers) of municipal services.

In the publication the author discusses issues such as:

- the role of a municipal enterprise in the implementation of public tasks;
- specificity of public utility economic activity;
- operating in various organizational and legal forms, from budgetary to commercial;
- relationships of municipal enterprises with local government, property, personal and financial union;
- providing services in various organizational systems, while remaining under the control of the political and administrative factor;
- efficiency of enterprises, the achievement of which remains in conflict with social goals.

A major aspect discussed in the handbook is issues related to the analysis of the legal regulations of a municipal public utility company. Municipal enterprises are frequently treated as "political gains" of those in power in local government. This approach results in the emergence of problems and dysfunctions that make it difficult to access services and improve the efficiency of service provision. It should be emphasized that the Polish publishing market is missing a publication that would comprehensively discuss municipal enterprises.

The publication is addressed both to persons supervising and managing municipal enterprises and to students of economics and management.

prepared by: Jarosław Handzel

Zastosowania innowacyjnych technologii informatycznych [Applications of innovative information technologies] (1st ed.)

Authors: Ryszard Knosala, Paweł Buchwald, Mariusz Kostrzewski, Sylwester Oleszek, Andrzej Szajna

Publisher: Polskie Wydawnictwo Ekonomiczne
Warszawa 2024

The book was published as part of the publishing series "Digitization of management" edited by Ryszard Knosala, consisting of ten items, including "Digitization of human resources management", "IT project management" or "Automation and robotization of business processes" and demonstrates the state of application of information technologies in important areas of management. In its content, this book refers to Industry 4.0, a new stage of industrial development using advanced digital technologies and automation to increase the autonomy and efficiency of production processes.

This study is dedicated to a wide range of readers, including management staff, IT specialists and students of technical fields, in particular IT and management, as well as all readers interested in following new trends and solutions in the dynamically developing areas of the IT industry.

The publication consists of seven parts. The first one was devoted to the issue of cloud computing. It explains many concepts such as private cloud, public cloud, hybrid cloud and the main types of cloud computing, i.e. infrastructure as a service (IaaS), platform as a service (PaaS) and software as a service (SaaS). Knowledge regarding these issues can be of particular use when selecting the right model for an online business. This chapter also includes examples of cloud computing applications such as EPLAN Cloud or German Edge Cloud.

The second part of the book touches upon the issue of Artificial Intelligence (AI). It presents the issues of artificial intelligence with particular attention drawn to various types of neural networks, machine learning, dataset training, and knowledge base systems (KBS), in particular expert systems.

The third part of the study discusses the issue of the blockchain. It discusses the principles of a distributed ledger system that allows for the secure storage and transmission of data. This chapter describes public, private and hybrid blockchain networks as types of blockchain-based architectures due to the scope of sharing the services and data offered. Particular attention could be drawn to the IPFS (InterPlanetary File System) protocol described in this chapter, which enables communication between devices in a peer-to-peer system.

Chapter four is devoted to mobility and mobile Internet. It presents the development of mobile networks from 1G to 5G and discusses modern services possible within the 5G network, hardware solutions and examples of applications in the area of road transport.

The fifth chapter on augmented reality (AR) merits attention. It discusses techniques that enable combining the real world with the virtual world in real time and in a three-dimensional environment. The emphasis was placed on combining AR with other innovative techniques, such as the Industrial Internet of Things (IIoT) or cyber-physical systems (CPS), which jointly fit in with the concept of Industry 4.0. This chapter also presents examples of applications in industrial production, including assembly and quality control processes.

Chapter six discusses the issues of virtual reality (VR). It explains the concept of virtual reality as well as types of virtualization such as mimetic, creative and autonomous virtualization. This chapter also demonstrates what immersion is and what its types are, as well as other issues related to user interaction and VR. This part of the publication also discusses the interesting concept of the so-called digital twin (DT) and the concept of the metaverse. The chapter shows the possibilities of practical application of VR systems through utilizing DT and the metaverse. The conclusion of this chapter presents an example of an IT system based on IIoT using AR and VR techniques.

The last chapter deals with the topic of speech recognition, with particular emphasis on the problems of continuous recognition of human speech and compensation for interference in speech recognition systems. It also presents examples of voice assistant systems, including a communication system for communicating with a bot available in the VR environment.

Finally, the authors attempted to present the current trends and expected directions of development in the field of innovative information technologies.

prepared by: Marek Jasiński

Zarządzanie. Nowe otwarcie [Management. A New Beginning] (1st ed.)

Authors: Andrzej K. Koźmiński, Dariusz Jemielniak, Dominika Latusek-Jurczak,
Anna Pikos
Publisher: Poltext
Warszawa 2023

Zarządzanie. Nowe otwarcie [Management. A New Beginning] is an academic textbook developed by the well-known and respected academic staff of the Kozmiński University in Warsaw. The textbook consists of five parts covering 13 chapters presenting well-selected elements of management theory (it should be emphasized that prior to writing the book, the Authors conducted a survey of the opinions of employees of management departments conducting classes in subjects such as basics of management regarding the content that should be covered in the textbook) enriched with examples and case studies from the real world of business.

What makes the textbook stand out is its structure, which facilitates the learning process. At the beginning of each chapter there is a brief summary and learning objectives that guide the reader's learning process. Additionally, definitions of the concepts explained in the text are provided in the margins. At the end of the chapters, you will find summaries organized by learning objectives, along with exercises to test your understanding of key theories and concepts. By enabling the use of active learning methods these summaries can also be useful for people conducting classes. The added value of the book from the formal point of view consists in the clarity of the language, the supplementation of descriptions with figures and charts, and the index of terms and names provided at the end of the book. The total volume of the book is 379 pages.

The individual chapters of the book cover the following topics:

- 1) history of management, with particular emphasis on the direction of scientific management and the administrative direction and the behavioral approach;
- 2) management and leadership – defining management, presenting the functions, roles and skills of a manager and the basics of leadership theory;
- 3) ethical and responsible management, with a focus on the concept of corporate social responsibility and business ethics;
- 4) environment and stakeholders, taking into account resources and processes in the organization, organizational balance and stakeholder characteristics;
- 5) innovation management and entrepreneurship, including the nature and types of innovation, the nature of entrepreneurship and the role of the entrepreneur, and the characteristics of an entrepreneurial organization;
- 6) international management – including the concept, forms, motives and barriers of internationalization and issues of the context of cultural diversity;
- 7) strategic management – focusing on basic concepts, the strategic planning process, building competitive advantage and value management;
- 8) knowledge management, presenting the essence, types and characteristics of knowledge, the process of its conversion, the process and system of knowledge management;
- 9) marketing, including the essence of marketing, product from a marketing perspective, brand, prices, distribution and marketing communication;
- 10) formalization and organizational structure – including the definition, levels and degrees of formalization, the concept, types and process of designing organizational structures;
- 11) organizational culture, focusing on the essence and components of organizational culture, its dimensions, the process of acculturation and shaping of organizational culture,
- 12) people management, with particular focus on human resource management and motivation and the concept of work-life balance;
- 13) diversity management, which, among other things, explains the concept of diversity and diversity management, presents demographic trends in Poland and their impact on the labour market.

The book is intended for students, regardless of their field of study, who wish to acquire basic and current knowledge about organizational management. It should also be recommended to management practitioners who wish to refresh and supplement their knowledge about managing organizations under the conditions of the modern economy. It is important that this book is available in paper, e-book and audiobook format, which can improve the process of acquiring knowledge for people with different learning styles.

prepared by: Bogusz Mikuła

Nudge (Final Edition)

Authors: Richard H. Thaler, Cass R. Sunstein
Publisher: Wydawnictwo Zysk i S-ka
Poznań 2023

The book *Nudge Improving Decisions About Health, Wealth and Happiness* by Richard Thaler and Cass Sunstein is a classic publication that will change the way we look at the choices we make. Drawing from behavioral economics the authors demonstrate that we are far from perfectly rational beings. Through the prism of cognitive errors, such as the anchoring effect or thinking in terms of losses, they argue that we often make unfavorable decisions, even in the simplest matters.

Nudge is a book about *libertarian paternalism* – subtle influence on decisions without taking away freedom of choice. Thaler and Sunstein's proposals cover areas including health, finance and education, and aim to help people make better decisions. A famous example is the automatic enrollment of employees in retirement plans – without coercion, but with an incentive that works. Similarly, designing public spaces where healthy choices are more accessible promotes positive decision-making.

The authors' style – witty and clear – makes *Nudge* a pleasure to read; it is like embarking on a fascinating journey through the world of decisions. At the same time, this book forces us to reflect on our susceptibility to influence and provokes us to consider how our surroundings influence our choices. Thaler and Sunstein do not advocate for manipulation, but instead for consciously designing an environment that helps us achieve what we really want.

In comparison to the Polish edition from 2008 the supplemented edition of this book introduces two new topics: *smart disclosure and sludge*. In addition, the book has been supplemented with the so-called "fresh thinking", i.e. new, more contemporary examples of the content conveyed. *Nudge* is not just a book about psychology and economics – it is a compass for anyone who wants to better understand their decisions and make them with greater awareness.

prepared by: Paweł Drobny

Wprowadzenie do zarządzania zasobami ludzkimi. Funkcje i instrumenty [Introduction to Human Resource Management. Functions and Instruments] (1st ed.)

Authors: Bogusz Mikuła, Teresa Myjak, Honorata Trzcińska
Publisher: University of Applied Sciences in Nowy Sącz
Nowy Sącz 2023

Authors of the monograph entitled *Introduction to human resources management. Functions and instruments* raised issues related to human resources management, with particular emphasis on the knowledge, skills, attitudes and values of people employed in the organization.

The monograph consists of 11 chapters in which three key areas of personnel functions have been distinguished:

- 1) Entry into the organization (human resource planning and acquiring suitable job candidates);
- 2) Functioning in an organization (professional development, motivation, remuneration, evaluation);
- 3) Exiting the organization (transfers and dismissals).

The first chapter concerns the evolution of the HR function, focusing on the models within this function and their importance in the enterprise. The second chapter describes the essence of the issues discussed, including the goals, tasks and human resources management strategy. The following chapter is devoted to employees in the organization, their competences and professional qualifications, taking into account their attitudes and personality.

The fourth chapter discusses human resource planning, types of plans, planning objectives and conditions of the personnel planning process. The next chapter focuses on recruitment and selection in the enterprise. The chapter then discusses employee development with an emphasis on training and career planning. The seventh chapter addresses the issue of employee motivation in the enterprise with the use of appropriate motivational incentives in the workplace. The next chapter analyzes the strategy for rewarding employees for the work they do for the organization. Chapter nine deals with employee evaluation. It discusses the most important aspects of assessment, i.e. concepts, functions, objectives, methods and tools, and assessment errors. Chapter ten deals with the transferring and dismissing of workers, with the issue of dismissals being considered from the perspective of both employees and employers. The last chapter is devoted to contemporary trends in human resources management, focusing mainly on employee competency management, talent management and human capital management.

When familiarizing oneself with the contents of the monograph, the Reader will undoubtedly find many inspiring issues in it. In the presented publication, in addition to well-established issues related to employee recruitment, employee motivation, professional development, work performance assessment, transfers within the organizational structure and dismissals, modern concepts of human resources management also appear. These include human capital management, talent management and competence management.

The publication is a recommendable compendium of knowledge in the field of human resources management, comprehensively describing the issues raised. The book is addressed especially to students of management and anyone interested in topics from the field of human resources management. The issues discussed in the publication may also become an inspiration for people professionally dealing with personnel issues.

prepared by: Alicja Bonarska-Treit

Kłamstwo i kłamanie – ujęcie interdyscyplinarne [Lie and lying – an interdisciplinary approach] (1st ed.)

Author: Robert Rogowski (ed.)

Publisher: University of Applied Sciences in Nowy Sącz

Nowy Sącz 2023

Lies, lying, and manipulation of facts are phenomena occurring in all areas of social and economic life. The phenomenon of lying is characterized by, among other things, its universality and endurance. Lying is not a new phenomenon, but is related to culture, traditions and social activity. The importance of lies has been emphasized by many authors, who point out that lies destroy human morality, diminish human value, and cause numerous consequences by distorting reality. The process of lying is a powerful force that can bring both negative and positive consequences to various aspects of life. The motives, types, consequences and methods of preventing lies in social and economic life constitute the main subject of the "Lies and lying – an interdisciplinary approach" study.

The issue of lies and lying has been depicted from many different perspectives, using various research approaches. In particular, the authors of the individual chapters:

- 1) analyze lying as a linguistic strategy in the context of a conversation;
- 2) attempt to define post-truth, explaining its origins, presenting various philosophical approaches of the most famous researchers and commentators, and discuss the presence of this phenomenon in contemporary media;
- 3) indicate the causes and consequences of lies appearing in social media;
- 4) analyze: types, components, features, scale of the phenomenon and ways of combating fake news;
- 5) discuss the functions of lies in English-language literature, covering the period from Old English literature to the period post World War II;
- 6) characterize the phenomenon of lying and its significance in contemporary political and social life in the United States and Great Britain;
- 7) show the importance of lies in the culture of Russian-speaking countries;
- 8) show the types of lies that appear in medicine, both in patient-doctor relationships and in medical research; it is extremely important to indicate the catalogue of possible consequences of the aforementioned lies;
- 9) address the issue of lies and their effects in the business world;
- 10) describe and analyze the legal and institutional aspects of lies occurring in the market activities of economic entities;
- 11) indicate the premises and manifestations of food adulteration;
- 12) discuss: determinants, effects and methods of limiting accounting fraud.

The broad and diverse research issues are a very important premise influencing the high substantive value of the publication. It therefore has great applicability for participants in contemporary social and economic life. It is also worth emphasizing that the considerations were based on rich factual material.

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Conclusions from the scientific conferences

XXVIII National Scientific Conference "Accounting and controlling"

On October 14-16, 2024, the 28th National Scientific Conference "Accounting and Controlling" organized by the Department of Cost Accounting, Tax Management and Controlling of the Wrocław University of Economics was held in Polanica-Zdrój for the 28th time. The goal of the conference was to present scientific achievements and experiences in the field of contemporary concepts and practices of management accounting and controlling. Thematic sessions and a discussion forum for practitioners provided space for the exchange of views and polemics on extremely important issues related to the development of accounting areas, especially with regard to the possibilities of using modern information technologies in the field of controlling or financial auditing.

The conference was a two-day event, during which 17 papers were presented in five sessions, the topics of which were as follows:

- Session 1: Non-financial reporting;
- Session 2: Auditing and Artificial Intelligence;
- Session 3: Measuring Performance;
- Session 4: Controlling;
- Session 5: Didactics of accounting and controlling.

The University of Applied Sciences in Nowy Sącz was represented at the Conference by: Halina Rechul, who delivered a lecture entitled: *Elements of labour costs and their impact on the personnel policy of enterprises* and Judyta Witowska, who presented the paper *Artificial intelligence – a challenge for accounting*.

prepared by: Halina Rechul, Judyta Witowska