

Social Responsiveness and Service Performance of Local Government: The Case of Macedonia

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Bringing services closer to the citizens is one of the primary goals of local government. Various social groups seek different social treatment and action. This paper examines whether local authorities are responsive and equally open to all those groups, or if they simply spend budget resources in order to carry out their responsibilities as required by the law. The paper brings into light the new concept of social responsiveness of local governments. Being responsive implies reacting quickly and openly to essential

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needs. Being socially responsive requires being more than just open; it implies addressing needs in order to keep citizens satisfied regarding a wide spectrum of public services. The main result of the paper is an assessment of the nexus between local government social responsiveness and local service performance in basic areas (communal services, education, culture, and other competences; economic development; and fiscal assignments) in the case of Macedonia.

Keywords: social responsiveness, local service performance, local governance, openness

1. Introduction

Local governments are established in order to bring services closer to the citizens. Taking into consideration that there are various social groups with diverse needs, the main research question is whether local authorities are responsive and open to all those needs equally and uniformly, or if they spend budget resources just to carry out their responsibilities as required by the law. How can we assess or even measure the responsiveness and service performance of local governments in different local sectors?

This study aims to explain the assigned local responsibilities and to assess the improvement of local service performance in Macedonia, as seen through the lens of different social groups across different local public services. The main query is to evaluate the degree of social responsiveness of the local government with regard to the provision of local services in basic sectors (communal services, education and social services, culture, and economic development).

The remainder of the paper is structured as follows. In the second section, we critically review the relevant theoretical and empirical literature on responsiveness. The third section analyses the relevance of the social responsiveness of local authorities as a broader concept than the traditional perspective on local government responsiveness. The emphasis is on ethnically diverse municipalities in order to depict the Macedonian landscape. The fourth section analyses the most recent indicators of local service performance in Macedonia. The assessment of local government responsiveness is provided in the fifth section. The nexus between local service performance and local responsiveness in basic sectors (communal services, education and social services, culture, and local economic devel-

opment) is elaborated on in the sixth section. The conclusion summarises both theoretical and practical findings on local social responsiveness based on the case study of Macedonia.

2. Literature Review

2.1. The Traditional Concept of Government Responsiveness

Can local governments be responsive? Theoretical and empirical work on local government responsiveness can be divided into two broad strands. The first strand – studies by Wallis and Oates (1988), Ostrom et al. (1993), Putnam (1993) and the World Bank (1994) – argues that by increasing citizen participation local governments inspire the central state to be more responsive. The second strand of the literature is much more pessimistic about the benefits of local government responsiveness. These scholars argue that local governments lack the technical, human, and financial resources to provide a heterogeneous range of public services (e.g., Smith, 1985; Samoff, 1990; Prud'homme, 1995; Tanzi, 1995). However, neither side has been able to win over the other with convincing empirical evidence.

What determines local government responsiveness? Part of the relevant literature examines the determinants of local government responsiveness. For instance, Faguet (2009) presents a model of local government responsiveness as the product of political openness and political competition. He develops a dynamic model that explores how voting, lobbying, and civic organisation activities interact over time to produce government decision-making that is responsive and accountable to voters. The main explanatory variables used include the number of firms and non-governmental organisations registered in a municipality.

Besley and Burgess (2002) assess the determinants of sub-national government responsiveness to the citizens of India. In particular, they analyse the role of the economic, political, and media-related determinants of government activism. Their main assumption is that richer sub-national governments have better developed response mechanisms. They measure the capacity of sub-national governments to respond by using variables such as the state income per capita, urbanisation ratio, total population,

population density, and revenue from the centre. The results of Besley and Burgess (2002) are surprising, as they conclude that economic factors have a limited influence on local government responsiveness. Sub-national government units with higher levels of media development are found to be more active in protecting vulnerable citizens. This is consistent with the theoretical idea that this is due to improvements in political accountability. Furthermore, the role of political factors must not be downplayed. A greater electoral turnout can serve as a proxy for the general level of political activism, and hence the likelihood that voters will reward incumbents who perform well.

Mitlin (2000) argues that participatory local governments are likely to be responsive governments as well. She cites a number of cases of participatory programs at the local level in which the citizen voice originated from all parts of the local community.

2.2. Social Responsiveness – The New Concept

Social responsiveness is a relatively new term, based on adherence to rules of social behaviour and principles of responsibility to diverse groups and needs. From a local government perspective, being responsive and reactive to various social needs in a municipality implies that the authorities need to follow the concept of local government social responsiveness. Therefore, this paper favours the new, theoretically sounder, concept of “social responsiveness”.

Secondly, to assess the responsiveness of a local authority requires the creation of concrete schemes of actions and procedures. Therefore, the paper will explore local government performance with regard to the main areas of public service delivery: communal services, education, culture, and economic development.

The design of adequate mechanisms for the assessment of social responsiveness is a novelty in local government theory and in public finance literature generally. The main question is: are local governments in the Republic of Macedonia responsive and open to diverse social needs, and if so, can we assess this responsiveness (activity) through control mechanisms? In particular, we examine the nexus between local social responsiveness and local service performance. The accomplishment of those activities will have multiple impacts on strengthening the capacities of the local government and on its further development, especially in municipalities with diverse social groups and ethnicities. Accordingly, we have divided the

paper into separate sections following the scheme of local government assigned services, with an eye on local performance and responsiveness. As a result, this paper is theoretically insightful, but also largely based on practical concerns and conditions in Macedonia.

3. Why Social Responsiveness Matters

Being responsible as local authority means carrying out duties and assigned competences. Being responsive implies reacting quickly and openly to essential needs. Being socially responsive requires being more than just open; it implies addressing minor as well as major needs in order to keep the citizens satisfied regarding a wide spectrum of public services at the local level.

How have we linked social responsiveness with local governments? Local government is seen as a place where democracy is most easily practised and accessible to citizens; consequently, it is seen as the right place to look for social responsiveness to be implemented.

A few questions arise. What is the definition of social responsiveness? Is it usual in municipalities with an ethnic diversity? Does it have any impact on municipalities' overall service performance?

According to classical theory, social responsiveness is primarily related to the concept of social responsibility of legal entities. Here social responsibility is a framework which suggests that a legal entity, be it profit or non-profit oriented, has an obligation to act for the benefit of society at large. This concept seems to have been borrowed from the corporate governance concept. However, when it is applied to the context of local governance, we can find justification of the concept of social responsiveness of local authorities. The latter can be conceptualised as a way of local authority behaviour characterised by a quick response to the needs of the citizens in various social circumstances and contextual factors. For example, a municipality can be ethnically diverse, but its youth and the elderly will have similar social needs, regardless of their ethnic background. On the other hand, in a municipality where the key problem is a high rate of unemployment, local authorities should not overlook the needs of the elderly. Therefore, if a local authority aspires to be considered socially responsive, it should take care of the diverse social needs of its citizens.

3.1. Social Responsiveness and Ethnically Diverse Municipalities

Being locally responsive to the often conflicting needs of the ethnic majority as opposed to the minority is a much more complicated issue. Ethnic identity unfortunately remains one of the central animating forces in the politics of central and southeast Europe, including Macedonia. The intractability of ethnic conflict – both violent and peaceful – finds its expression in numerous claims for the realignment of political allegiances and borders. It is also reflected in the scholarly literature exploring the links between ethnic identity, ethnic conflict, and decentralisation of the local government, pressure for assignment of local services, etc. The questions asked by scholars are both descriptive and prescriptive: what paths have been chosen as social responses to the problem of inter-ethnic tensions at the local level, and to what extent are those tools successful? In particular, to what extent does local government emerge as a structural foundation for a stable political settlement, where local authorities can act responsively and be responsible for assignments?

3.2. Multi-Ethnic Policies vis-à-vis Social Responsiveness in Macedonia

Ethnic diversity plays a significant role in Macedonian society. There was pressure to introduce decentralisation reforms under the Ohrid Framework Agreement in August 2001, which paved the way for newly established local governments in 2004 to play a vital role in the democratic processes in the country. Local governments were also expected to be highly responsive to the different needs of ethnic groups. Since there are various social needs within the ethnic groups, the term social responsiveness also endorses the openness of local authorities to diverse social needs.

The present lower level of political culture in Macedonia frustrates the hope that the decentralisation of services through local government performance can mitigate inter-ethnic tensions at the local level in the medium term. In the case of assignment of more services in particular, it implies that any expansion of fiscal resources may be directed in line with ethnic – rather than civic (municipal) – preferences. This is a real problem that brings into question the stability of the entire local government, the responsibility of local authorities to provide equal treatment of citizens, and social responsiveness to local needs.

In Macedonia, there is relevant imbalance in regional development, and there are asymmetrical municipal capacities. Therefore, the requirements to be equally responsive to all needs place much stronger pressure on poor and undeveloped municipalities, due to the reduced fiscal resources. For example, a rural municipality like Kriva Palanka has very limited local budget resources to act responsively to the needs of all citizens – for instance, to the social needs of students – because unemployment and poverty are major concerns. As a result, the problem of youth migration after graduation is present in Kriva Palanka, which further exacerbates the constraints on other local processes, such as local economic development. A possible solution can be found in the creation of local schemes for responding to the questions raised by disadvantaged groups (the students), but still very important to the majority of the population.

Similar problems occur in the majority of rural or financially weaker municipalities in Macedonia. Therefore, the question of local social responsiveness is treated differently and raises different concerns in different local surroundings. Most often, only the wealthier municipalities have sufficient revenue to support additional local projects, organise public works, and improve community services, apart from the provision of basic local services. Greater social responsiveness can support grassroots-based governance building from below, increase the capacity of local government officials to develop local plans and budgets in a participatory manner, and build support for programs that enhance partnerships between local government and civil society. Therefore, the process of becoming more socially responsive should be the aim of local authorities. They should be open and reactive to the needs of all citizens, as opposed to simply responding to the majority. This may not be surprising as many ethnic Macedonians feel threatened, especially in municipalities with an ethnic Albanian majority, and vice versa.

4. Local Service Performance

In 2015, in terms of territorial organisation, Macedonia was composed of 80 municipalities and the City of Skopje as an independent unit of local self-government. All local self-government units are responsible for many assigned competences, which for reasons of presentational convenience are classified into five areas, as presented in Table 1.

Table 1: Competences of local governments in Macedonia

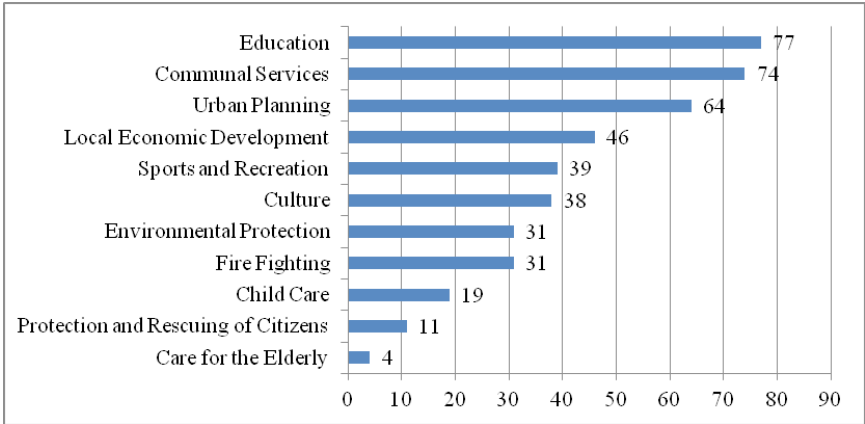
| Areas | | | | |
|--|--|---|--------------------------------|---|
| Communal services | Education | Culture and other competences | Economic development | Fiscal competences |
| 1. Water supply, sewerage, public hygiene, waste management, public transportation 2. Construction and maintenance of local roads 3. Urban and rural planning 4. Environmental protection | 5. Management of primary and secondary schools 6. Social welfare and child protection | 7. Management of cultural objects 8. Sport and recreation 9. Healthcare and activities for the protection and rescue of citizens and goods 10. Fire-fighting | 11. Local economic development | 12. Local budgeting 13. Determining local taxes and fees |

Source: Authors' own table

In order to examine the link between social responsiveness and service performance, we will assess the progress of local service delivery in Macedonia. Although the most reliable assessment of the quality of service delivery comes from the perceptions of citizens, unfortunately no surveys have been carried out in the case of Macedonia. Another rough indicator is the ISO 9001:2008 standard for the delivery of services that has been adopted by nearly 30% of Macedonian municipalities. Given these constraints, the analysis relies on the most recent questionnaire-based survey answered by the municipal administration, focusing on 11 competences. According to 2014 Survey on Decentralisation (OSCE), local officials believe that most significant progress has been achieved regarding service delivery in the areas of *primary and secondary education* (Figure 1). This was confirmed by 57 out of the 74 municipalities (77%) that responded to the survey. The second most significant achievement was identified in the delivery of *communal services*, such as water and waste management, as confirmed by 55 municipalities (74% of respondents). A majority of municipalities (64% of respondents) also consider progress to have been made in the local performance of *urban planning*, whilst far fewer mu-

nicipalities consider achievements to have been made in the delivery of *childcare*, *care for the elderly*, and *citizen protection*. This last mostly refers to urban local areas, mainly larger cities and the City of Skopje.

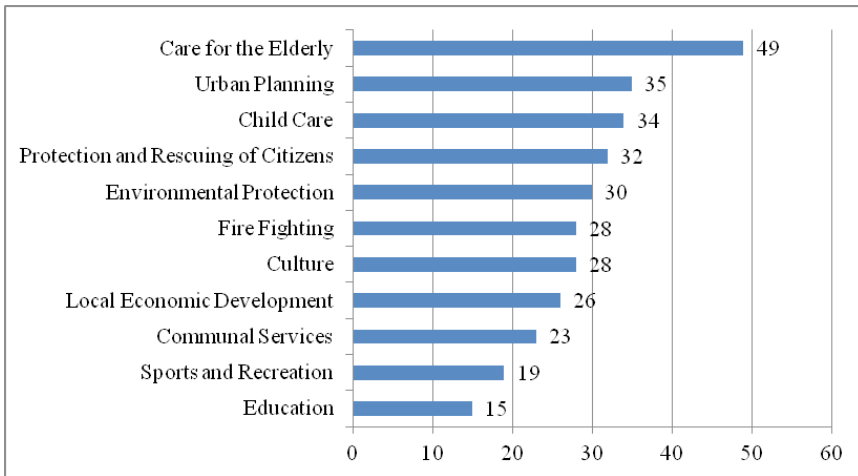
Figure 1: Progress assessed by local governments in their transferred competences



Notes: 0 = none of the respondents stated there is progress; 100 = all respondents stated there is progress. Source: OSCE, 2014

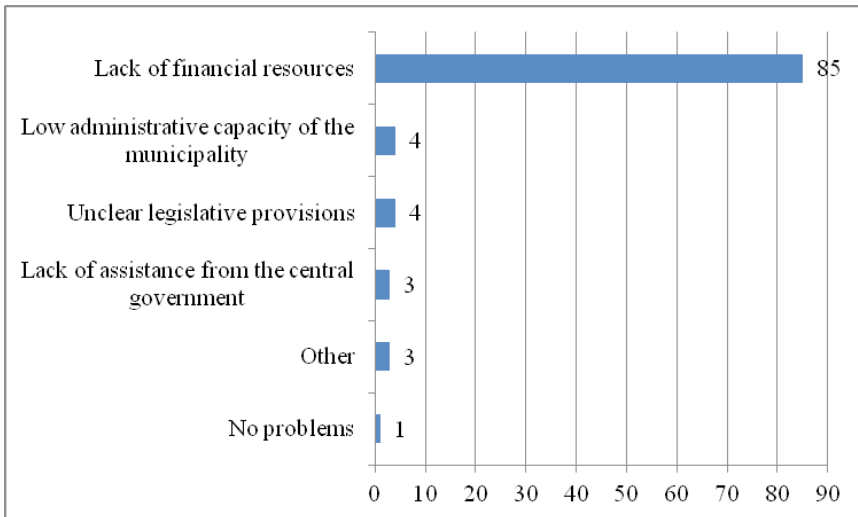
Local government competences can also be ordered according to the difficulty of execution by local officials (Figure 2). Nearly half of the respondents (49%) emphasise that the most serious impediments are present in the *care for the elderly*, followed by *urban and rural planning* (35%), and *child care* (34%). On the other hand, an unsurprisingly large number of respondents (85%) indicate that the lack of financial resources is the most serious impediment to executing the transferred competences (Figure 3). On-site visits reveal that only a few Macedonian municipalities conduct citizen satisfaction surveys on a regular basis. For example, an OSCE project for measuring social responsiveness in 2015 (conducted by the authors) found that out of 12 municipalities four conduct such surveys, five have occasional surveys, and three municipalities carry out no citizen satisfaction surveys.

Figure 2: Transferred competences executed with most serious impediments



Notes: 0 = percentage of respondents indicating there are no impediments; 100 = percentage of respondents indicating areas with most significant impediments. Source: OSCE, 2014

Figure 3: Local official perceptions of the most serious impediments



Notes: 0 = no problems indicated; 100 = percentage of respondents indicating the area as the most significant problem. Source: OSCE, 2014

5. Assessment of Local Government Responsiveness: A Survey-Based Analysis

What does a “good” local government look like? What factors should one consider when evaluating local governments in terms of service performance? Is responsiveness an impact factor on local government performance assessment?

The literature shows that local government responsiveness is eroded by a high level of political influence from the central government on the decisions of local government regarding service provision. On the other hand, local government responsiveness can be developed by means of frequent meetings of local authorities and various social and ethnic groups. The process of building a responsive local government involves both citizens and authorities.

Municipal authorities should involve citizens at the early stage of setting local priorities, when still adopting municipal development plans and budgets. Following this approach, the citizens will be more realistic about the feasible targets, given the local government budget constraints. This also mitigates the confronting views and needs of the various social groups, requiring pragmatic municipal responses. Through this approach there will be increased transparency and accountability of local decision-making, whereas better service performance will foster responsiveness at the local level as well. Service delivery by local governments will be more efficient and effective if it has citizen support.

According to the OSCE Survey (2014), in Macedonia in 2008, 89% of the municipalities reported including citizens in setting local priorities as part of the process of being open, responsive, and transparent in decision-making – also known as participatory budgeting. The limitation of this survey is that it only takes into account the views of the municipal authorities. In 2010, the majority of survey respondents (29 municipalities) confirmed they had organised up to five meetings with citizens annually, although the number dropped slightly to 23 municipalities in 2011. Fewer municipalities reported organising between six and ten meetings annually with citizens, although the meeting frequency remained almost constant. In contrast, the proportion of municipalities declaring they had arranged more than ten meetings with citizens rose significantly, from seven in 2011 to 13 in 2012.

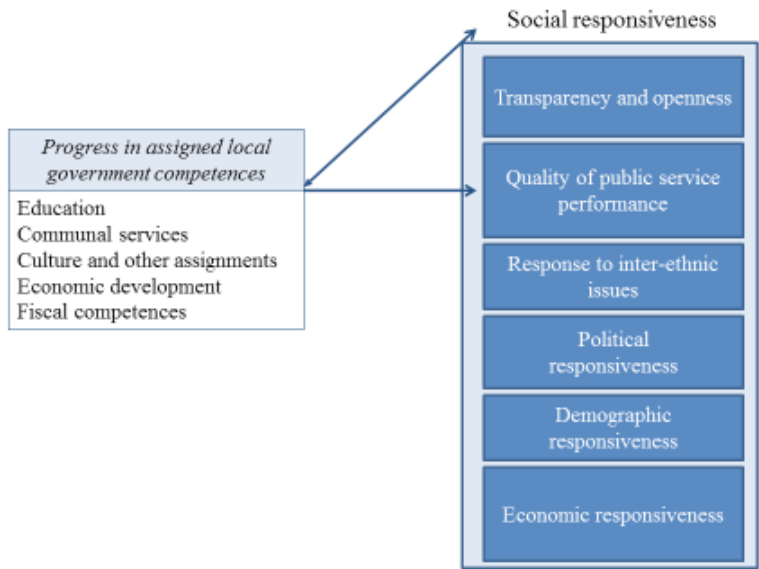
Therefore, municipalities must continue and increase communication and citizen gatherings, thematic forums, etc., which will improve transparency

and responsiveness. This would also result in an enhanced commitment on part of the citizens in paying local duties, thereby investing in the future of their local communities.

6. The Nexus between Service Performance and Social Responsiveness

Social responsiveness of local governments is a complex and multi-dimensional task. A methodologically sound approach is to take into account various components: demographic, political, and economic responsiveness, inter-ethnic relations, quality of public service delivery and transparency, and openness of municipalities. Our research intentionally focuses only on the relationship between the quality of service delivery and social responsiveness. The reason is that the quality of service delivery is one of the strongest driving forces of social (or local government) responsiveness. An improved quality of local service delivery determines a higher level of social responsiveness.

Figure 4: The nexus between service performance and social responsiveness



Source: Authors' own figure

Therefore, we will conduct a local service performance assessment, emphasising the areas where significant progress is needed. We will systematise the problems according to the groups or areas of local public services, simultaneously offering recommendations for the improvement of social responsiveness.

Communal services. Sewerage, public hygiene, and waste management appear to be the most vulnerable competences, where the citizens have witnessed the most unfulfilled expectations from local authorities. Therefore, local authorities should primarily ensure a higher proportion of budget expenditures for the realisation of communal projects that are equally important to all social groups in a local unit.

Secondly, a relatively high percentage of the local population is satisfied by the efficiency of service delivery in the area of urban and rural planning, while confusion arises from the argument that this area is mostly contaminated with an absence of transparency in decision-making and a low level of citizen participation in designing municipal priorities. For example, in one relatively ethnically heterogeneous municipality, urban planning decisions (building a church or a historic monument) could create tensions between different ethnical groups, while road reconstruction or a waste management infrastructural investment can be equally valued as favourable by the different social groups. Therefore, social responsiveness of local authorities should focus more on projects that are of common social interest in the local unit.

Education. Education is assessed as a highly successful decentralised assignment, where the citizens have found their local authorities have shown the highest level of social responsiveness. However, some difficulties are recognised within the management of primary education, mostly in ethnically diverse municipalities, where the number of students and financial resources could not meet the principles of economies of scale, and students of different ethnicity are forced to study in another language, because of a lack of teachers or finances. Here we find that local authorities should be more responsive and should respond to the different preferences of ethnic groups.

Economic development and fiscal assignments. This area has most recently been the subject of decentralisation in Macedonia, where newly established local authorities faced a completely new system of local financial management, and became accountable for local (own-source) revenue collection and budget executions. Local economic development was dependent upon many external factors, such as macroeconomic and fiscal

policy, foreign investment policy, and unbalanced regional development. In order to foster local economic development and to respect the acknowledged principles of decentralisation, *the free disposal of construction land* was among the competences most recently assigned to the municipalities. This has been a central government response to the continuous complaints of local authorities. Therefore, we expect an improved performance of municipalities in the use of construction land in the following years.

Concerning fiscal assignments, municipalities have shown significant progress, especially in budget autonomy and own-revenue collection. However, internal audits have been identified as weak points in several (25%) municipalities.

The nexus between social responsiveness and local economic development (and fiscal assignments) is even stronger than in the other areas. For example, in one municipality with a high unemployment rate most of the public attention is on job creation, local public investment, and local economic development. Here ethnic needs play a minor role. However, local authorities faced with fiscal constraints (a budget deficit caused by high tax evasion, tax base erosion because of substantial poverty incidence) are seriously limited in being open and responsive to citizen needs. Additionally, the limited disposal of construction land (in case of possible foreign investment) is constraining the efficiency of the authorities. Therefore, in cases where the citizens of the municipality face major existential problems, local authorities should pay attention to these, regardless of inter-ethnic confrontations. Social responsiveness in the area of local economic development is of higher priority, because its benefits have multiplicative (domino) effects on the local unit as a whole.

7. Conclusion

1. The social responsiveness of local governments is a new concept derived from traditional views on local government responsiveness, responsibility, and accountability. Contemporary trends in the area of local governance have challenged local governments to act in a more socially responsive manner. Local governments nowadays are not only expected to react quickly and openly to essential needs, but also to address the needs of major and minor social groups in order to keep the citizens satisfied regarding a wide spectrum of public services at the local level.

2. This study argues that the concept of social responsiveness of local governments is theoretically sounder than the traditional concept of local government responsiveness. It broadens certain social concerns, such as the care of marginalised and vulnerable groups. Not only does it emphasise obligation and accountability to society, but also the action and activity of local governments in addressing the preferences of diverse social groups. Being socially responsive requires being more than just open; it implies addressing minor as well as major needs.

3. Being a socially responsive government requires greater efforts in improving the dialogue with civil society, the business sector, and the citizens in the decision-making process and in the implementation of public policies. Municipalities should use various participatory methods and tools in a more active manner and on a regular basis, thereby also contributing to increasing their transparency, openness, and accountability.

4. Social responsiveness in ethnically diverse societies, such as Macedonia, also needs to embrace inter-ethnic relations. Therefore, local governments in such environments should focus more on common pressing needs (job creation and poverty alleviation) rather than on mono-ethnic preferences. It appears that inter-ethnic problems are an additional burden for local responsiveness and local authorities should be even more socially responsive in order to create a stable environment. Hence being a socially responsive local government is a more difficult task in ethnically fragmented societies.

5. Social responsiveness has a multi-dimensional nature, as it embraces demographic, political, and economic factors, inter-ethnic relations, local service performance, and transparency and openness of municipalities. We decided to focus here only on the relationship between social responsiveness and local service performance, as a strong determining component. In the case of Macedonia, 13 assigned local competences are examined in nexus with social responsiveness. The bottom-line result is that weaker social responsiveness is found in lower-income municipalities, and vice versa. Social responsiveness in the area of local economic development is of higher priority, because its benefits have multiplicative (domino) effects on the local unit as a whole. In cases where the citizens of the municipality face major existential problems, local authorities should pay immediate attention, regardless of inter-ethnic agendas. Other areas of service performance deserve more attention (from the view of social responsiveness).

6. The process of building an efficient and effective, responsible, and responsive local government in Macedonia is now entering a new chapter in which new challenges will overshadow existing ones.

In summary, the concept of social responsiveness is in an early stage of acceptance by local authorities, due to their main focus on economic challenges. Future academic and feasibility research is needed in order to explore in greater depth the bidirectional causality between improved local service performance and social responsiveness to the needs of all citizens.

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SOCIAL RESPONSIVENESS AND SERVICE PERFORMANCE OF LOCAL GOVERNMENT: THE CASE OF MACEDONIA

Summary

Bringing services closer to the citizens is one of the primary goals of every local government. However, various social groups with diverse needs seek different social treatment and action by their local authorities. We therefore examine whether local authorities are responsive and equally open to all those needs, or if they have simply spent budget resources only to carry out the strict responsibilities set out by the law. How can we assess responsiveness and link it with the service performance of local governments in different sectors? This paper brings into light the new concept of social responsiveness of local governments. In brief, being responsible as a local authority means carrying out duties and assigned competences. Being responsive implies reacting quickly and openly to essential needs. Being socially responsive requires being more than just open; it implies addressing minor as well as major needs in order to keep citizens satisfied regarding a wide spectrum of public services at the local level. We argue that local governments nowadays are not only expected to react quickly and openly to essential needs, but also to address the needs of major and minor social groups in order to keep

social responsiveness active and to keep the citizens satisfied, mainly regarding a wide spectrum of public services at the local level. The main result of this paper is an assessment of the nexus between local government social responsiveness and local service performance in basic areas (communal services, education, culture, and other competences, economic development and fiscal assignments) in the case of Macedonia. This is followed by the broader theoretical background and some scientific challenges are also offered for future investigations.

Keywords: *social responsiveness, local service performance, local governance, openness*

DRUŠTVENA ODAZIVNOST LOKALNE SAMOUPRAVE I FUNKCIONIRANJE LOKALNIH SLUŽBI: SLUČAJ MAKEDONIJE

Sažetak

Jedan je od glavnih ciljeva lokalne samouprave približiti javne usluge građanima, no različite društvene skupine imaju različite zahtjeve u odnosu na pristup i postupke lokalnih vlasti. U radu se stoga razmatra jesu li lokalne vlasti odazivne i jednako otvorene prema potrebama svih građana ili su potrošili sredstva namijenjena budžetom isključivo iz zakonskih razloga. Kako se mjeri odazivnost lokalne samouprave i kako se povezuje s funkcioniranjem lokalnih službi u različitim sektorima? Rad pojašnjava novi koncept društvene odazivnosti lokalne samouprave. Ukratko, odgovorna lokalna vlast izvršava obveze i preuzima odgovornost za dodijeljene joj kompetencije. Odazivnost podrazumijeva brzu i otvorenu reakciju na osnovne potrebe građana, dok društvena odazivnost podrazumijeva više od otvorenosti – radi se o rješavanju manjih i većih potreba kako bi građani bili zadovoljni širokim rasponom javnih usluga na lokalnoj razini. Autori su stava da se od današnje lokalne samouprave ne očekuje samo brza i otvorena reakcija na osnovne potrebe građana, već rješavanje potreba većih i manjih društvenih skupina kako bi se održala društvena odazivnost i kako bi građani bili zadovoljni širokim rasponom javnih usluga na lokalnoj razini. Glavni rezultat rada je ispitivanje povezanosti društvene odazivnosti lokalne samouprave i funkcioniranja lokalnih službi u osnovnim područjima (komunalne usluge, obrazovanje, kultura i ostale kompetencije, ekonomski razvoj i dodjela prihoda) u slučaju Makedonije. Slijedi širi teorijski okvir, te autori predlažu teme za buduća istraživanja.

Ključne riječi: *društvena odazivnost, funkcioniranje lokalnih službi, lokalna samouprava, otvorenost*