

**UNIVERSITY OF SOUTHAMPTON**

**FACULTY OF SOCIAL, HUMAN AND MATHEMATICAL SCIENCES**

**Department of Politics and International Relations**

**The Decentralisation and Externalisation of Local Public Services in Turkey:  
The Case of Manisa Province**

by

**Umit CAVULDAK**

Thesis for the degree of Doctor of Philosophy

April 2018



# **ABSTRACT**

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Governments have deployed New Public Management methods to improve public services during last decades. New Public Management reforms encompass a focus on private sector management norms and the fragmentation and decentralisation of public services. Decentralization and externalisation are among the major reforms undertaken according to the tenets of New Public Management in the provision of public services. While the decentralization of public administration is favoured in order to achieve efficiency gains by creating more flexible agencies entities, enabling direct link between local provision of services and local people, the debate around privatisation has shifted from the sale of public enterprises to a broader consideration of private sector organisations involved in the delivery of public services. In accordance with this movement, local governments, in order to improve effectiveness in service delivery have begun to use market mechanisms and alternative service delivery methods in some service.

As Turkey has been subject to New Public Management ideas for decades, the governments have implemented administrative reforms to improve public service delivery, along with strengthening financial and organizational capacities of local governments. Decentralisation reforms brought fundamental changes in the structure of urban service delivery with the expansion of their tasks, while creating more opportunities for local governments to collaborate private sector in providing local services. Municipal services have been started to be subject to marketisation and the externalisation of public services became an increasingly common practice in Turkey. In Turkish public administration, externalisation is now encouraged both legislatively and practically.

The objective of this thesis is to analyse how New Public Management works in terms of decentralisation and externalisation of local services policies in Turkey. It aims to evaluate outcomes of recent decentralisation reforms and externalisation policy of municipal services by looking at from the standpoints of several stakeholders. In order to evaluate whether the goals of decentralisation reforms and externalisation policies have been reached, stakeholder-based evaluation of decentralisation and externalisation of local services policies was conducted.



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# DECLARATION OF AUTHORSHIP

I, Umit Cavuldak

declare that this thesis and the work presented in it are my own and has been generated by me as the result of my own original research.

*The Decentralisation and Externalisation of Local Public Services in Turkey: The Case of Manisa Province*

I confirm that:

1. This work was done wholly or mainly while in candidature for a research degree at this University;
2. Where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated;
3. Where I have consulted the published work of others, this is always clearly attributed;
4. Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;
5. I have acknowledged all main sources of help;
6. Where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself;
7. Either none of this work has been published before submission, or parts of this work have been published as: [please list references below]:

Signed:

Date:



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## **Definitions and Abbreviations**

AKP – Justice and Development Party

ANAP – Motherland Party

BESOT – Manisa Greater City Municipality Corporation

EU – European Union

GMC – Greater City Municipality

IMCD – Investment Monitoring and Coordination Directorates

IMF – International Monetary Fund

MASKİ – Manisa Water and Sewage Administration

MGCM – Manisa Greater City Municipality

MHP – Nationalist Movement Party

MSPA – Manisa Special Provincial Administration

NGO – Non-Governmental Organisation

NPM – New Public Management

OECD – Organisation for Economic Co-operation and Development

SPA – Special Provincial Administration

UN – United Nations

WB – World Bank

# Chapter 1: Introduction

## 1.1 Introduction

Following the economic recession of the 1970s and 1980s and huge public sector deficits, the traditional Weberian model of public administration in which public services are provided by public agencies came under attack. It was suggested that the functional scope of the welfare state and its service delivery model had become unaffordable and ineffective. Through growing acceptance of Public Choice Theory, centralized bureaucracies came to be seen as monopolistic, inefficient and inflexible. The operational logic of old public administration which gives priority to social goals was also heavily criticised for neglecting economic rationality. Finally, the post-war consensus based on a Keynesian economic model collapsed, with the help of changing perceptions about the role of the government.

In order to tackle these problems, neoliberal economic policies started to be proposed as an ideological ground for redefining the state and public sector reforms. It was proposed that the state should perform its functions more efficiently and should use different methods for provision of public goods and services. The resulting modernization of the public sector introduced elements from the private sector which would bring more efficient and effective public services. During this period, governments launched major public reforms to modernise the public sector, by opening the public sector up to greater private sector influence. This trend began initially in the UK, and spread to other European countries with the help of its promotion globally by international organizations. This set of new management ideas is later labelled as New Public Management (NPM) (Hood, 1991).

Through applying the principles of NPM, governments took some measures to cut back public expenditure and staff in order to reduce taxes, to privatise state-owned enterprises, and to deregulate private economic activity to modernise public administrations. The aim was to create a more business-like and market-oriented administration, a decentralized public sector, and to achieve cost savings and greater efficiency. NPM involves the introduction of organisational and managerial

structures derived from private sector, downsizing of the state, economising, improving the efficiency and efficacy of public policies, privatisation, decentralisation and externalisation.

Decentralization and externalisation are among the major reforms undertaken according to the tenets of NPM in the provision of public services. NPM reforms encompass a focus on private sector management norms and the fragmentation and decentralisation of public services. The decentralization of public administration is favoured in order to achieve efficiency gains by creating more flexible agencies, enabling a direct link between local provision of services and local people. This closeness to citizens provides local administrations with a better understanding of citizens' needs and preferences through better information channels.

Externalisation represents the application of private sector managerial tools and principles to both central and local government service provision. The rationale is that public services were better managed in the interests of efficiency through private sector economic drivers, which would result in a service which is cheaper, more efficient and more responsive to customers. During recent decades, the debate around privatisation has shifted from the sale of public enterprises to a broader consideration of private sector organisations' involvement in the delivery of public services. In this form of public service delivery, public bodies contract out service delivery to private sector entities, which deliver the services, while public bodies remain the final decision makers and retain control. In accordance with this movement and in order to improve effectiveness in service delivery while encouraging participation of local citizens in service delivery processes, local governments have begun to use market mechanisms and alternative service delivery methods in some services. It is now acknowledged that public services can be delivered by external parties as well as through in-house provision. This phenomenon is termed externalisation. Externalization is implemented in different ways such as contracting, outsourcing, partnership, collaboration and privatisation. External parties may be private companies, public-private partnerships, non-governmental organizations or volunteers.

In the case of Turkey, in recent decades and under the influence of NPM ideas, Turkey has experienced significant changes and transformation related to the structure of public administration, especially in local government. Decentralisation



and externalisation have played an important role in modernising the public sector, especially in local service delivery. Since the new millennium, all governments have increasingly implemented administrative reforms to improve public service delivery, along with strengthening the financial and organizational capacities of local governments. There are many external and internal factors that urge governments to conduct fundamental reforms in local government. The developments in political and economic arenas, vast urbanisation, and the drawbacks of a traditional state structure which is not able to meet increasing democratisation demands can be counted as internal factors. The external factors which urge a transformation are political and economic changes arising from globalisation and neo liberal ideas, international treaties, the principles and instruments of the EU regarding local governments, and governments' responses to those principles and instruments during Turkey's accession process to the EU.

To facilitate decentralisation reforms, several new laws were enacted after 2003 in the field of local administration, such as the Law on Special Provincial Administration (No. 5302), the Law on Greater/Metropolitan Municipality (No. 5216), the Law on Municipality (No. 5393), and the Law on Local Administration Unions (No. 5355). Municipal Law No. 6360 on "The Establishment of Fourteen Metropolitan Municipalities and Twenty-Seven Districts and Amendments at Certain Law and Decree Laws" has brought fundamental changes in the Turkish metropolitan municipality system. With the new law (Law No. 6360), in the provinces where a Greater City Municipality (GCM) was established, GCM borders were expanded to the provincial borders, Special Provincial Administrations (SPA) were abolished. Moreover, in those provinces, Investment Monitoring and Coordination Directorates (IMCD) were established, and villages and small town municipalities were turned into neighbourhoods. It was stated by policy makers that Greater City Model would provide service efficiency and prevent waste of resources by the abolishment of unnecessary administrative units, promoting urban integrity based on zoning integrity in the whole province. The government's stated aim was to ensure "optimal scale" and "area and population optimality" in providing better local services for residential areas and towns that had not received efficient services previously. While the financial and organizational capacities of local governments have been strengthened and their organizational structures have been modified, the reforms

have also extended the opportunities for cooperation between local governments and the private sector in local service delivery. These changes have directly affected the way public services are provided and who is responsible and accountable for what. Decentralization has, therefore, brought fundamental changes in the structure of urban service delivery with the expansion of local government's remit.

Externalisation has also gradually become a preferred service delivery method in Turkey during this period. Eventually, the phenomenon of externalisation of public services became common practice in Turkey. Municipalities can choose the most appropriate methods of providing local services such as privatisation, outsourcing, contracting the provision of public services with public agencies or private firms, setting up establishments and companies under private law within an area of activity, granting concessions, volunteer work, or mixed strategies. Local governments and public service organisations have externalised a wide variety of functions including waste management, transportation, cleaning, security, employment services and IT services by using private sector models.

## **1.2 The Purpose, Question and Method of the Study**

Decentralisation and externalisation of local services have been among the most prominent local government reforms in Turkey since the 1980s under NPM ideas. The idea behind these reforms is the notion that public sector reforms driven by NPM ideas and principles are the best solution to solve Turkey's persistent administrative and economic problems. They would ensure effective, efficient and better service delivery for the public while cutting back public expenditure and staff in order to modernise the public sector. Local government reforms and provision of a legal framework for private sector involvement in public service delivery have been considered effective and practical instruments to transform the public sector because the country had experienced political instability for a long time. In parallel with decentralisation reforms, externalisation of local services has become extensively applied in local services, with central government support and encouragement for local governments.

Recent reforms in metropolitan municipality management with the Municipal Law No. 6360 on "The Establishment of Fourteen Metropolitan Municipalities and

Twenty-Seven Districts and Amendments at Certain Law and Decree Laws” give an indication of how administrative structures in Turkey will evolve in the near future. Expanding the boundaries of metropolitan municipalities to provincial borders in 30 provinces can be considered a major transformation of the local government system. It can be expected that more major steps will be taken to provide a high standard of local public services for mass populations in these municipalities. The new regulation on metropolitan municipalities represents a radical change that alters many elements ranging from the administrative structure of the country to public service delivery mechanisms. If it is taken into account that more than 90 percent of the population live in municipalities and there is a determined government plan to deepen local government reforms in near future, analysing local public service delivery becomes an important subject. Considering the fact that there are some concerns about the organisational capacity of newly established Greater City Municipalities to deliver services effectively to every corner in their jurisdiction areas, examining local public service mechanisms and externalisation policies provides a useful contribution to both academic literature and public bodies’ works.

This study is concerned with understanding how NPM works in the Turkish local government system by focusing on two of its main tenets: externalisation of local services and decentralisation. It aims to evaluate the effects of externalisation of municipal services and recent decentralisation reforms by looking at them from the standpoint of a range of stakeholders and to identify the intended and unintended consequences of those NPM inspired policies. Therefore, the main research question of the study is:

*“What are the intended and unintended consequences of recent decentralisation reform and externalisation of municipal services in Turkey?”*

Some sub-research questions are also addressed in this study:

*“How do NPM-inspired reforms and policies work in the Turkish local government context?”*

*“What are the costs and benefits of externalisation of local services? What did authorities expect and what did they get?”*

*“How do local governments choose between public and private service delivery alternatives?”*

*“To what extent has the recent decentralisation reform achieved its target? Has the reform achieved its goals?”*

In order to evaluate whether the goals of externalisation policies and the recent decentralisation reform have been reached, a stakeholder-based evaluation was conducted. It took into account major stakeholders of the policies including decision makers, staff, and key policy actors such as private and non-governmental organizations. Given this range of perspectives, the researcher believes that the study provides comprehensive and realistic data for evaluating the externalisation of local services in the context of recent decentralisation policies. It aims to explore and explain how the externalisation of local services works in a single metropolitan area encompassing 17 district municipalities and a Greater City Municipality. It also examines how recent decentralisation reforms influenced local service delivery within this setting. In order to evaluate the advantages and disadvantages of alternative delivery models of municipal services and intended and unintended consequences of the recent decentralisation reform, the study uses stakeholders' perceptions and views.

A qualitative, fieldwork-based case study was conducted in a single metropolitan area in order to achieve these research objectives. Manisa Greater City Municipality (MGCM) was selected because Manisa was among the provinces where a GCM was established with the Municipal Law No. 6360 in 2014. Encompassing both small and rural district municipalities as well as large and urban district municipalities in highly industrialised areas, it provides a suitable local service delivery setting to study in order to build a comprehensive analysis. This will enable the study to reach credible conclusions about Turkey's experience in terms of decentralisation reforms and local government service delivery models. Secondly, since becoming a GCM brought about significant transformation of municipalities' responsibilities and duties and expanded municipalities' jurisdiction areas, choosing a recently-established GCM as a case study provides an advantage in analysing how externalisation policies work with decentralisation reforms, what the real motives behind those policies are, and whether decentralisation reforms have made any difference in local government service delivery models. Thirdly, with its population of 1,346,162,

Manisa province provides an optimal territorial and population size because it is neither too small, preventing the research having credibility and transferability, nor too large to deal with given time and travel constraints and possible obstacles in reaching people and data at such huge institutions. The study employed multiple and different sources (for example, different managerial levels of local government and central government institutions, local politicians, NGO representatives, labour unions, business and commerce organisations, and community representatives) and triangulation of methods (interviews and documentary analysis) to improve the trustworthiness of the research and to develop a synthesis of perspectives from different data sources. The fieldwork was conducted in two rounds in 2015 and 2016, within the jurisdiction area of MGCM. The approach relied on semi-structured interviews with a range of stakeholders involved in the policy arena. The researcher conducted 61 interviews with diverse stakeholders who are involved in the policy processes such as mayors, governors, senior bureaucrats of the MGCM, heads of department within municipalities and their corporations, members of staff, representatives and presidents of labour and civil servant unions, non-profit organisations such as business and citizen associations, city councils, chambers of commerce, members of municipality councils, the headmen of neighbourhoods and villages, local politicians, citizen representatives, private contractors and private company representatives. Key stakeholders are selected on the basis of the researcher's judgement that they can provide an understanding of the key themes of the research. Therefore, this research has adopted a purposive sampling approach to have an information-rich sample to achieve the objectives of the study. It provides in-depth insights relating to stakeholders' experiences, perceptions and understanding of externalisation policies and decentralization reform and their effects on the service delivery performance of the local governments in the province. Empirical data gathered from interviews is backed by secondary data such as municipal reports, official statistics and reports, local newspapers, and available literature dealing with local government reforms in Turkey.

After completing the fieldwork, the data gathered was coded and these codes were analysed in terms of the research questions. The data management stage involved a thematic framework which aims to reduce data to meaningful categories while identifying relationships between categories. Qualitative data analysis software,

NVivo, was used to analyse the qualitative data. The main coding strategy adopted was thematic coding. This entire process helped to improve the rigour of the data analysis.

### **1.3 The Significance of the Study and Its Contribution to the Field**

The study will firstly contribute to Turkish academic literature by filling a gap providing knowledge about: 1) How NPM works in the Turkish local government system by examining two main tenets of NPM: externalisation and decentralisation; 2) The extent to which recent decentralisation reforms and the externalisation of local services achieved their goals; 3) What the intended and unintended consequences of those policies are; and 4) What the perceptions of key stakeholders are about those policies. Secondly, it provides valuable analysis and findings for Turkish policy makers and practitioners at both national and local level for evaluating those policies, contributing to future amendments in policies or to new reform processes. Thirdly, this study will provide useful reading material for those who are interested in understanding the challenges of administrative reform in a complex and specific context. Finally, this study provides an important source for theoretical and practical understanding of NPM for Turkish and international authors, practitioners and politicians, in particular those in other developing countries whose administrative systems share similar characteristics with Turkey.

### **1.4 The Main Findings and Their Importance**

The main findings of this research are:

- The externalisation of local service delivery is perceived as an advantageous method in terms of effectiveness, efficiency and quality on the condition that accountability, corruption and transparency concerns are minimised.
- The central policy behind the laws regarding externalisation is not perceived by stakeholders as a solid governmental strategy, externalisation is rather seen as a useful and necessary service delivery model.

- Although key stakeholders from municipalities presented financial deficits, cost reduction and efficiency as the main reasons for externalisation, externalisation decisions are rather practical and pragmatist choices of mayors and municipal bureaucrats. In this sense, ideology and party politics have no significant effects on the externalisation decisions of municipalities.
- While externalisation has been proved itself as an effective method of delivering local services, this method has some significant flaws which brought many disadvantages and unintended consequences. Lack of transparency in externalisation policies, clientelism and corruption concerns are considered the biggest disadvantages of externalisation by stakeholders.
- Even if municipal procurement process is transparent and fair and the winning contractor is the best and rational choice, there are likely to be corruption claims because of the mayor's strong political identity and the embedded relationship between mayors and their political parties.
- While efficiency claims are valid in many cases; personal choices, political expectations and pragmatic reasons have also considerable influence on mayors' decisions.
- Municipal corporations are considered a useful and practical method of externalisation of local services, because they are under private law and not subject to restrictive public administration frameworks. Municipal corporations are established mainly for practical reasons rather than concerns rooted in economic rationality.
- The flexibility and ease of municipal corporations' employment procedures create a suitable environment to be exploited by local politicians in terms of corruption, clientelism and patronage.
- As most municipal services are labour intensive, most of efficiency gains from contracting out come from employing workers with lower wages through externalisation of employment. The unpleasant working conditions of subcontracted workers and their low wages are among the main problems arising from the externalisation of local services in Turkey.
- Labour unions have no significant effect on municipal externalisation decisions because they have limited power because of the current legal framework and strong ties between unions and political parties.

- Citizens have little knowledge about their municipalities' externalisation practices and hold mayors accountable and responsible for the poor performances of contractors. Mayors do not follow the rhetoric of blame-shifting because of the fear of losing votes at the next election.
- Even though local services are delivered by municipalities or contracted out to the private sector, those services are perceived by citizens as state services. There is no clear distinction between public institutions in the eyes of citizens, rather, they hold all relevant state and local authorities corporately accountable in many cases, regardless of their duties and responsibilities.
- Although NPM ideas and practices work well in many aspects, decentralisation and externalisation policies in Turkey have many unintended outcomes while reaching many of the targets stated in the official agenda.
- NPM-driven reforms are conducted mainly for practical reasons and political motivations in Turkey. The recent decentralisation reform was a management reform with a strong political agenda.
- Greater City Municipality Reforms focused on improvements in service delivery as the most expected and desired consequence, rather than other common targets of decentralisation reforms, such as promoting local democracy and subsidiary principles, ensuring citizen participation and transforming administrative structures.
- The reform has brought some achievements and improvements in service delivery as an intended consequence. However, there were many unintended consequences of the reform which overshadowed those achievements as well.
- The goal of better local service delivery did not seem to materialise in some areas, especially in rural areas of the province mostly because of the long distance between local units and the problems during the restructuring period.
- Inconsistencies and contradictions of the law which leave so many areas unclear have led to a turf war among local political actors, which has had serious negative effects on local service delivery.
- The reform represented a power shift from rural areas to urban areas in terms of political power and influence on public investment decisions, which brings disadvantages to rural areas and small cities because of their limited number of potential voters.



- The reform has increased political competition and conflicts between local governments, rather than creating collaboration and consensus among them in order to achieve more effective local service delivery for the citizens.
- Increased political conflict between local governments and other local actors has prevented the reform from achieving many of its short-term targets. Politics is the major determinant factor that affects the outcome of the reform in terms of the effectiveness of service delivery.
- The reform has created more powerful GCM mayors, but this has led to more politicisation and centralisation of the local government system. The strong mayors of GCMs affect the dynamics of local politics because other local political actors now have to find a way to deal with the popularity and the power of GCM Mayors.
- The reform has created a more centralised model of local service delivery, rather than promoting a decentralised and flexible approach to local governments. The result was an increase in paperwork and bureaucracy for people, especially those living in districts.
- The reform has created very powerful GCM mayors who are not easy to be reached by local people and strengthened the position of GCM bureaucrats in practice.
- GCM Reform constitutes a fundamental change to the prefectural system and it has weakened the roles and functions of the governors and district governors in terms of public service planning and policy implementations in many areas; however, traditional roles and duties of governors and district governors have not been eroded in the administrative system. There is not a fundamental change in citizens' perceptions of governors and district governors as a representative of the state authority.

## **1.5 The Outline of the Thesis**

Following this introductory chapter, Chapter 2 comprises a literature review, presenting academic studies about NPM, decentralisation and externalisation of local services both in general and in the context of Turkey. It shows the distinctive place of this study in the literature, and then explains how this study contributes to

that literature. In the first section, NPM, its critics, theories of NPM and Turkey's NPM experience are discussed. The following section presents the concept of decentralisation both in general and in the Turkish context. Finally, in the last section, theories of externalisation of local services, determinant factors of externalisation, the merits and shortcomings of externalisation, and Turkish literature on externalisation of municipal services will be explained.

Chapter 3 focuses on theory which is used for the study. As the purpose of the design is to collect information from stakeholders to evaluate the application of externalization and decentralisation policies, this chapter describes the concept of evaluation and explains the nature of a stakeholder-based evaluation approach. After explaining how evaluation evolved, theory-based and stakeholder-based evaluation will be presented. In the stakeholder-based evaluation section, benefits of stakeholder-based evaluation will be discussed.

In the Design of the Research and Applied Methodology Chapter, methods of this study will be explained. Thus, this chapter concentrates on qualitative data collection methods and research tools which were utilised throughout the fieldwork, such as such semi-structured elite interviews, and the collection of secondary documents. After providing some information about the case study method, it will explain why Manisa Greater City Municipality was chosen as a case. The following section explains the process of conducting fieldwork in detail. Following an explanation of the ethical considerations, challenges and limitations that were encountered throughout the research, the final section discusses the analysis of the collected data.

The following three chapters consist of empirical analysis of externalisation of local services in Turkey. Chapters five, six and seven consider how externalisation of local services works from the standpoint of different stakeholders in the province. To do so, Chapter 5 presents a general framework for externalisation policies in Turkey and Manisa in particular. In further sections in this chapter, after drawing out the general features of externalisation of local services in Manisa province, policy making processes and motivations behind those policies will be analysed.

Chapter 6 examines the intended and unintended consequences of externalisation of municipal services by focusing on municipal corporations and externalisation of municipal employment which are the two commonly applied methods of

externalisation of local services in Turkey. Subcontracting system is analysed in detail in this chapter, as an aspect of the externalisation of municipal employment. Negative outcomes of the subcontracting system constitute the most controversial aspect of externalisation policies in Turkey, because the subcontracting system has become one of the most prominent social problems in the country, leading to intense public debate.

Chapter 7 examines transparency, accountability, blame-shifting and corruption concerns which arise from externalisation policies in local governments. It also examines how citizens' and mayors' perceptions of accountability in public services affect public administration in general. The second section presents transparency and corruption concerns in the externalisation of local services as identified by stakeholders.

Chapters 8 and 9 focus on how the recent decentralisation reform works and analyse the intended and unintended consequences of the reform. In Chapter 8, after discussing Turkey's decentralisation policies in general, policy motivations and the intended and unintended consequences of Greater City Municipality Reform are evaluated. It aims to explain what worked and what went wrong during the implementation process of the reform.

Chapter 9 presents other consequences of the reform and draws some conclusions about the implementation of decentralisation policies, including stakeholders' perceptions of the effectiveness of the reform, how politics shapes policy implementation and local service delivery, and to what extent the reform has affected the Turkish prefectural system.

Finally, in the concluding chapter, following a general overview of the study, the main findings relating to decentralisation and externalisation of local services policies obtained from the stakeholders are summarised and the key findings and conclusions of the research are discussed.



# **Chapter 2: Literature Review**

## **2.1 Introduction**

As Turkey has been subject to NPM ideas for decades, local governments have implemented administrative reforms to improve public service delivery, along with strengthening financial and organizational capacities. Decentralization reforms brought fundamental changes to the structure of urban service delivery with the expansion of local governments' tasks, while creating more opportunities for them to collaborate with the private sector in providing local services. Municipal services have started to be subject to marketisation in Turkey, and the externalisation of public services has become an increasingly common practice.

In the line with the research question of the study, this chapter will introduce the literature on NPM, decentralisation, and externalisation of local services, both in general and in the Turkish context. This chapter will also present where this study fits into the literature and how it contributes to this literature. The first section will present the concept of NPM in general and its manifestation in Turkey by focusing on the factors which influenced the emergence of NPM in Turkey in general and NPM inspired reforms in the local government system in particular. In the second section, after explaining the concept of decentralisation and its pros and cons, the driving forces of Turkey's decentralisation reforms and their outcomes will be presented as discussed in Turkish literature. The third section will discuss the externalisation of municipal services both in general and in the Turkish context, with special focus on the merits and shortcomings of externalisation of local services and determinant factors influencing externalisation decisions. Finally, the last part will discuss the place of the study in the literature and its contributions.

## **2.2 New Public Management**

The modern welfare state was founded upon the assumption that Keynesian economic growth could be taken for granted. It was supposed that the general public

could be relied upon to accept progressive taxation and support parties that supported a growing welfare state (Griffiths, Kippin, and Stoker, 2013). The welfare state was to be developed by government experts who could decide what is good for the public. However, the functional scope of the welfare state and its service delivery model was criticised and challenged during the economic crises of the 1970s and 1980s. The common argument was that the amount of social expenditure allocated by government had reached an unbearable level and Western welfare states had become unaffordable and ineffective. As a result, the traditional Weberian model of public administration, in which public services are provided by public agencies, came under attack by growing acceptance of Public Choice Theory. Public Choice Theory viewed centralised bureaucracies as monopolistic, inefficient and inflexible by nature, suffering problems of coordination and control because of their excessive size (Niskanen, 1971; Savas, 1987; Walsh, 1995; Boyne, 1998). The operational logic of old public administration, which gives priority to social and ecological goals, was also heavily criticised for neglecting economic rationality. Finally, the post-war consensus based on a Keynesian economic model collapsed with the help of changing perceptions about the role of the government.

During this period, the economic recession and huge public sector deficits forced governments to apply financial and institutional reforms and neoliberal economic policies started to be proposed as ideological grounds for redefining the state. Neoliberal ideas assume that economic growth should occur and service efficiency should increase with the reduction of the role of administration and the privatisation of public services provision. Especially in Western governments, notably in the UK and USA, people started to advocate that the state should perform its functions more efficiently and should use different methods for provision of public goods and services (Kakabadse and Kakabadse, 2001). What was advocated was the concept of a lean state that would retreat from public tasks previously undertaken and leave these, by way of (material/ asset) privatisation, to the private sector (Wollmann and Marcou, 2010). Gradually, partly through doctrine and partly through trial and error, this general attitude crystallized into a more specific set of recipes for public sector reform (Pollitt and Dan, 2011). Many conservative governments have declared the withdrawal of government from provision of social welfare as official policy in order to minimise the phenomenon of big government. Major public reforms were launched to modernise the public sector by opening it up to greater private sector

influence (Hood,1991; Hughes, 2003). This trend began initially in the UK under Margaret Thatcher's Conservative regime, and spread to other European countries with the help of its promotion globally by international organizations, like the Organisation for Economic Cooperation and Development (OECD) and the World Bank (WB) (Pollitt and Bouckaert, 2011). By the early 1990s, it was claimed by many influential commentators and authors that there was one clear direction. This general direction was later labelled as New Public Management (NPM) (Hood, 1991).

NPM has become an umbrella term covering a set of public sector reforms which attempted to avoid the problems of traditional public administration across most OECD countries (Hood, 1991; Pollitt, 1993; OECD, 1995; Pollitt and Dan, 2011). In other words, it was a reaction to the perceived weaknesses of the traditional bureaucratic paradigm of public administration (Stoker, 2006). In the context of NPM ideas, governments took measures to cut back public expenditure and staff in order to reduce taxes, to privatise state-owned enterprises, and to deregulate private economic activity in order to modernise public administrations with the purpose of improving operations (Pollitt and Bouckaert, 2011). Those policies are called in the literature Reaganism, Thatcherism and Özalism (in Turkey's case) by some authors. According to Rhodes (2002a), the term signified a mixed bag of reforms aimed at promoting greater economy, efficiency and effectiveness through, among other things, privatisation, marketisation, and the development of public-private partnerships. NPM is said to be a global phenomenon: the label now covers all types of public sector reform; it excludes nothing (Bevir et al., 2003, p.2).

According to Hood (1991, p.3), the rise of NPM was linked with four administrative megatrends in public administration: the attempts to slow down or reverse government growth in terms of overt public spending and staffing; the shift toward privatisation and quasi-privatisation and away from core government institutions, with renewed emphasis on subsidiarity in service provision; the development of automation, particularly information technology, in the production and distribution of public services; and the development of a more international agenda, increasingly focused on general issues of public management, policy design, decision styles and inter-governmental cooperation, on top of the older tradition of individual country specialisms in public administration.

In the literature, the components of NPM vary significantly. For instance, in his seminal paper 'A Public Management For All Seasons?' (1991, pp.4–5), Hood set out its key doctrinal components: hands-on professional management; explicit standards and measures of performance; greater emphasis on output controls; disaggregation of units in the public sector; greater competition in the public sector; private sector styles of management practice; and greater discipline and parsimony in resource use. Osborne and Gaebler (1992) proposed that entrepreneurial government is based on ten principles, providing one of the famous intellectual justifications of NPM concepts and ideas: promoting competition between service providers; empowering citizens; focusing not on inputs but on outcomes; being driven by organisational mission rather than rules and regulations; redefining clients as customers; preventing problems; putting their energies into earning money; decentralising authority; preference for market mechanisms over bureaucratic mechanisms; and focusing not simply on providing public services, but on catalysing all sectors. They claimed that 'entrepreneurial government' was both worldwide and inevitable (Osborne and Gaebler, 1992). Rhodes (1991) also states that determined effort to implement the "3Es" of economy, efficiency and effectiveness has been the major manifestation of NPM. In his words, NPM encompasses: a focus on management rather than policy and on performance appraisal and efficiency; the disaggregation of public bureaucracies into agencies; the use of quasi-markets and contracting out; cost-cutting; and a style of management which emphasizes, among other things, output targets, limited term contracts, monetary incentives and freedom to manage (Rhodes, 1991, p.548). Similarly, Pollitt (1994) points out eight key elements of NPM in his work:

- A shift in the focus of management systems and efforts from inputs and processes towards outputs and outcomes.
- A shift towards more measurement and quantification, especially in the form of systems of 'performance indicators' and/or explicit 'standards'.
- More frequent deployment of market-type mechanisms for the delivery of public services (quasi-market solutions, compulsory competitive tendering).
- Preference for lean/flat and autonomous organisational forms: decentralisation (i.e., let the managers manage/the right of managing).



- Favouring contract-like relationships instead of hierarchical relationships.
- Client and quality orientation.
- Blurring the boundaries between public, private and non-profit sectors.
- Value orientation: favouring individualism and efficiency rather than equality and universalism.

It can be suggested that the theoretical foundations of NPM were a marriage of two different streams of thought (Hood, 1991) and the ideas and themes of NPM can be categorised broadly into two strands. The first was the new institutional economics, which includes Principal-Agent Theory, Public Choice Theory and Transactions Costs Theory. The ideas emanating from new institutional economics emphasise markets and competition as a way of giving choice and voice to users and promoting efficiency in service delivery, i.e. the use of market mechanisms such as franchising, vouchers, contracting out, internal markets, user fees and customer orientation. The second was the movement of business type managerialism (Pollitt, 1993), which includes emphasising management in government, decentralisation, desegregation and downsizing of government, creating flexible organizational structures and systems, and giving managers more freedom to manage. Rhodes (1996, p.655) suggests that managerialism refers to the introduction of private sector management methods into the public sector while new institutional economics refers to introducing incentive structures (such as market competition) into public service provision. He further explains that managerialism stresses hands-on professional management, explicit standards and measures of performance, managing by results, value for money, and closeness to the customer (Rhodes, 1996, p.655). Those managerialist principles borrowed from the private sector were introduced into public administration for managers to manage and economise its operations. Finally, the new institutional economics stresses disaggregating bureaucracies, greater competition through contracting-out and quasi-markets, and consumer choice.

Pollitt (2007a, p.110) suggested that NPM is a two-level phenomenon. While at the higher level it is a general theory or doctrine that the public sector can be improved by the importation of business concepts, techniques and values, at the more

mundane level it is a bundle of specific concepts, policies and practices (Pollitt and Dan, 2011). In this context, major NPM policy areas defined in some of the key literature include downsizing (Ferlie et al, 1996; Pollitt and Bouckaert, 2003), introducing greater competition into the public sector (Hood, 1991; Dunleavy and Hood, 1994), introducing criteria of economy, efficiency, efficacy and excellence in governmental behaviour and in the implementation of public policies (Ferlie et al., 1996), a more business-like and market-oriented administration which promotes competition, a decentralized public sector, cost savings, greater efficiency (Osborne and Gaebler, 1992), replacing input control by output control (Hood, 1991; Osborne and Gaebler, 1992; Dunleavy and Hood, 1994), decentralization (Osborne and Gaebler, 1992; Pollitt, 1993, 1994; Ferlie et al, 1996; Kettl, 2000), introducing private-sector styles of management practises (Hood, 1991; Osborne and Gaebler, 1992), disaggregating centralized bureaucracies into agencies (Pollitt, 1993, 2007a), externalisation (Kettl, 2000; Pollitt, 2007a), separating purchaser/provider (Pollitt, 1993, 2007a), customer orientation (Osborne and Gaebler, 1992; Pollitt, 1993; Kettl, 2000) a critique of monopolistic forms of service provision, and an argument for a wider range of service providers and a more market-oriented approach to management (Stoker, 2006).

Although the term NPM seems to cover the same set of ideas and principles, it is difficult to define clearly what NPM actually means, when translated into discrete policies (Dunleavy and Hood, 1994). Hood (1991, p.3) argues that NPM is a loose term and it is convenient as a shorthand name for the set of broadly similar administrative doctrines which dominated the bureaucratic reform agenda in many of the OECD countries from the late 1970s. The methods and implementation of NPM public sector reforms varied substantially across countries (Ferlie et al., 1996; Pollitt and Bouckaert, 2011), while principles and methods are detailed differently by almost every author. Later, even Christopher Hood admitted the term has been overused to the point of concept-overstretch (Hood, 2000).

### **2.2.1 Criticisms of NPM**

During the late twentieth century, NPM dominated public sector reform discussions of practitioners and academics. It was commonly hailed by some authors as a new paradigm and favoured by public managers in Europe. Nevertheless, a strong opposition and scepticism to the foundation of NPM started to emerge after two

decades of dominance. Discussions started in public management reform literature on the failures and undesirable effects of NPM reforms.

Firstly, it was commonly argued that NPM is like the emperor's new clothes (Hood, 1991) and it did not give answers to some old dilemmas or problems of management. According to this approach, although new managerialism changed the rhetoric of public administration and literature, it neglected wider governmental, political, and socio-cultural contexts (Osborne and Plastrik, 2000). The main argument is that there is a fundamental misunderstanding in its approach to government and citizens: government is not about business and citizens are not just clients. In this context, it is also claimed that the new managerialism has damaged the public service ethic in many cases.

It is also claimed to be too instrumental to serve communities of people in an optimal way, consequently providing only short-term and/or particularistic advantages and making public administration even more complex and fragmented (Dunleavy et al., 2006). NPM reforms have destabilized and weakened bureaucracies without achieving significant benefits. NPM therefore should only be a tool for the administrative elite, meaning that it satisfies particularistic interests instead of speaking in favour of the public good (Hood, 1991). According to this approach, the personal judgments of both public managers and authors played an important role in choosing the private sector tools which would be implemented in public service delivery. In this sense, it is claimed that it is serving the career interests of a managerial class: top managers and officials in central departments.

The last criticism is the denial of the universality claim of NPM. It has been claimed that NPM is far from universal, because different administrative values have different implications. In contrast with the arguments of Osborne and Gaebler (1992) that there exists a single NPM model, Hood (1995) rejects this view and argues instead that there is actually a range of alternative future patterns of NPM that will adjust to the developing organisation of public services. Ferlie et al. (1996) also see Osborne and Gaebler's view as simplistic and over deterministic and point out that there is no simple convergence on one NPM model, but rather that a range of options is available. From this point of this view, NPM does not necessarily produce the same social and administrative effects, because its implementation varies all around the world (Pollitt and Summa, 1997). In other words, the labels may be the same, but

the underlying story differs all the time (Pollitt et al., 2007). Distinctiveness lies in the package not in the parts and there is no uniform, agreed package (Bevir et al., 2003, p.2).

Discussions on the failures of NPM in the literature gave rise to several post-NPM paradigms. For example, Dunleavy et al. (2005, p.468) argue that the torch of leading edge change has passed from NPM and will not return. They introduced Digital-Era Governance as an alternative to NPM. This emphasised the central role ICT played in changing the way public bodies ran their business processes and ways of delivering services to citizens and customers. Dunleavy et al. (2005) suggested that the key features of Digital-Era Governance are reintegration, needs-based holism, and digitization.

Stoker (2006) proposed another new paradigm: Public Value Management. In contrast to NPM, this does not confine politics but rather sees it as central to the management challenge. Public Value Management declares that service delivery can create public value if there is an engagement and an exchange between the stakeholders and government officials (Stoker, 2006). It relies on stakeholders' conception of legitimacy in governance arrangements and the main challenge is to find ways of engaging people on their own terms. Stoker (2006, pp.47-49) suggested four key propositions of Public Value Management. The first argues public interventions are defined by the search for public value which contrasts with market failure justifications commonly advanced by economists. The second states that a wide range of stakeholders have legitimacy and should be included and involved in government activity. The third suggests an open-minded, relational approach to procurement should be adapted. Finally, an adaptable, learning-based approach is required in public service delivery.

The Neo-Weberian State is another new approach to public sector reforms developed in Europe as opposed to NPM (Pollitt and Bouckaert, 2004). This theory claims that the formulas employed under NPM have given rise to problems of reduced efficiency, coordination, and control, as well as unnecessary overlapping in the provision of services. Pollitt and Bouckaert (2011) argue that the Neo-Weberian State paradigm is an attempt to modernise traditional bureaucracy by making it more professional, efficient, and citizen-friendly because traditional bureaucracy has virtues which should be preserved (clear accountability, probity, predictability,

continuity, and close attention to the law). Although they accept that the state apparatus requires modernisation, they propose to combine these with more efficient procedures and a more flexible and responsive stance towards the needs of an increasingly diverse citizenry (Pollitt and Bouckaert, 2011).

Finally, Osborne (2006) criticised NPM for its intra-governmental focus in an increasingly plural world and for its dependence on the application of outdated private sector techniques to public administration and management. On the contrary, he claimed that the nature of the state is plural and pluralist. New Public Governance was an attempt to show that complex modern societies could only be effectively governed through complex networks of actors, drawn from government itself, the market sector, and civil society (Pollitt and Bouckaert, 2011, p.23). In this model, the emphasis is on networks, partnership, and voluntary cooperation, while resource allocation is to be made through networks and relational contracts. Osborne (2006) suggested that New Public Governance was a more holistic and comprehensive theory than NPM because of its more integrated approach to public service delivery. However, Pollitt and Bouckaert (2011) criticise it as an extremely broad and abstract model which is largely descriptive and lacking any theoretical motor. They further claim that it can be hard to decide what is not New Public Governance, as it provides few clues as to why, how, and when specific things are likely to happen (Pollitt and Bouckaert, 2011, p.124).

As a concluding remark to this section, although some authors claimed NPM was dead (Dunleavy et al., 2005) or in decline, NPM types of reform are still going on in some countries (Lapsley, 2009; Pollitt and Bouckaert, 2011). What has changed during this period is that other models and paradigms which embrace the ideas of governance, globalisation, and networks have emerged and proposed solutions for wide and complex public sector problems. It remains true that NPM ideas have spread very widely, and are often still seen as the most obvious route to modernisation (Pollitt and Dan, 2011).

### **2.2.2 NPM in Turkey**

Decentralisation and marketisation of local services have been among the most prominent public sector reforms in Turkey since the 1980s under NPM ideas. The idea behind these reforms is the notion that public sector reforms driven by NPM

ideas and principles are the best solution to solve Turkey's persistent administrative and economic problems. They would ensure an effective, efficient and better service delivery for the public while cutting back public expenditure and staff in order to modernise the public sector.

It would be possible to locate public sector reforms in Turkey within a managerialist analytical framework informed by the NPM global paradigm. They have been developed in the context of, and to some extent as a result of, a broader socio-economic and political-institutional reform process which began in the early 1980s. Like countries with Anglo-American administrative traditions, public management reforms in Turkey have been driven by such factors as macro-economic and fiscal crises, the effects and requirements of globalisation and international competitiveness, governmental oversize, bureaucratic inefficiency, and the effects of the New Right ideology on the state and public administration. The Turkish case proves that fundamental socio-economic changes lead to a bureaucratic transformation and a possible paradigm change.

In the Turkish literature, NPM has been identified as a paradigm shift resulting from economic, social and political influences. According to Bilgiç (2003, p.25), NPM represents a radical change in the state-citizen relationship, rather than simple administration reforms or changes in management style. The main principles and tenets of NPM are defined by several Turkish authors in the literature:

- Giving priority to the market rather than hierarchical bureaucracy, focusing on responsibility towards customers, concentrating on the results rather than the processes, overemphasis on business management rather than public administration, concentrating on economy, efficiency, and effectiveness (Ömürgönülşen, 1997).
- The acceptance of efficient service, high quality, low cost and speed as performance indicators in the public sector, the institutionalisation of the philosophy of constant development and the application of new administration techniques (Avcı, 2012).
- Giving priority to the market and competition, management focusing on goals rather than rules, holding managers accountable by decreasing hierarchy, output-oriented management, transforming traditional public managers into

public entrepreneurs, more flexible, transparent, consumer oriented and accountable management (Çevikbaş, 2012).

- Adoption of business management techniques, great service and client orientation, the introduction of market mechanisms and competition in public administration as well as the reduction of the size of government with regard to its legislatures, executives and central administrative agencies (Kapucu and Kösecik, 2002).
- Freer public managers who are operating with cost reduction motives, transformation of the state into semi-autonomous units and horizontal organisation models in administrative systems rather than hierarchical organisations, focus on the results rather than the process, performance management in public sector, autonomous and specialised organisations, privatisation, effective use of resources, cost reduction, competition in service delivery (Lamba, 2014).
- Reducing the role of state, minimizing public expenditure, focus on citizens as clients, accountability, decentralisation, cost reduction through competition between public and private sector in service delivery, privatisation, flexible management, more use of communication technology (Erençin, 2002).
- Participation and decentralisation (Bilgiç, 2003; Çukurçayır, 2004; Güler, 2005; Parlak and Sobacı, 2005; Aksoy, 2012).
- Analytical methods, liberal management, market-based management, managerialism in public administration, reducing bureaucracy, and privatisation (Özer, 2005).
- Providing flexibility to public sector administrators in their operations, more focus on results rather than procedures, economy and discipline in use of resources, performance management, increased competition in public sector, transforming bulky public organisations into optimal ones, implementation of private sector techniques in public sector (Eryılmaz, 2011).

### **2.2.2.1 Emergence of NPM in Turkey**

There are several explanations for the fact that the 1980s and 1990s have been the 'golden age' of administrative reforms throughout the Western world (Kapucu and Kösecik, 2002). It is well known that developments after the oil crisis of 1973 and 1974 created financial, political, and administrative problems in major countries (Özer, 2005). According to Alkan (2011, p.28), during these years two major processes became perspicuous and hegemonic in the world economy and politics: (i) neo-liberalism and obliteration of the social welfare perspective, marked most dramatically by regime transformation in the ex-socialist bloc following 1989, and (ii) the erosion of the central state, accompanied by measures to reinforce local autonomy and subsidiarity.

As several authors stated, the emergence of NPM in Turkey was not based on solely one reason. These factors can be grouped under main headings as economic, social and political factors (Bilgiç, 2003 ; Kurt and Uğurlu, 2007; Çevikbaş, 2012; Lamba, 2014 ; Çetin, 2015), globalisation and the influence of international organisations ( Sözen, 2005; Keyman, 2010 ).

#### **2.2.2.1.1 Economic Factors**

Özel and Polat (2013) summarise the reasons for seeking the transformation of public administration in Turkey as huge budget deficits in public administration and local governments, increased externalisation of public services, changes in the perception of citizens and a need for modernization in the public sector. Lamba (2014) also identifies economic factors such as increasing costs and the context of public services during the welfare state period, development of international trade, increased negative perception of bureaucracy, economic crises, budget deficits, globalisation, and developments in private methods and techniques. Similarly, Eryılmaz (2004) argues that budget deficits and economic crises are the main factors that influenced state restructuring reforms.

In Turkey, 1980 is widely taken as a pivotal moment in a variety of fields, almost like B.C. & A.D. (Alkan, 2011, p.28). Towards 1980, in parallel to the macro-economic, financial, and debt crises, pervasive political and social crisis conditions were



dominant in the country, ending up with the September 12 military coup. Shortly before the coup, the January 24 1980 Economic Stabilization Programme was put into practice. Although the January 24 Programme duration was 3 years, the main characteristics introduced by the programme were also maintained by civil governments following the military regime period. Turkey began implementing a programme of fiscal adjustment and market-oriented reforms, known as "the structural adjustment process" for liberalising the economy, and at the same time launched the process of its integration into the world market (Kutlu, 2007; Çevikbaş, 2012 ).

Upon transition to democracy in 1983, under the ANAP (Motherland Party) government, the new economy policy aimed at fundamentally changing the way the Turkish economy operated, redefining the relationship between the state and society, using resources effectively and increasing effectiveness in the public sector. Public sector and private sector had started to be compared based on efficiency and effectiveness arguments, and the injection of business management techniques and applications to public administration was seen as a panacea by the government ( Parlak and Sobacı, 2005, p.203; Sezen, 2006, p.42; Özel, 2015). During the Özal period, it has been observed that neoliberal economic values and tools were used widely including deregulation, privatisation, and decentralisation in order to reduce the role of the state (Eryılmaz, 2002; Aydınli, 2003; Kutlu, 2007; Lamba, 2015). Çevikbaş (2012) sees Özal's policies during this period as a starting point of the NPM approach in Turkey.

#### **2.2.2.1.2 Social Factors**

It is argued by authors that changes in socio-economic conditions in the 1970s and 1980s resulted in NPM-inspired administrative reforms that criticised the role of the state and emphasised the role of the private sector in the socio-economic life of Turkey. According to Lamba (2014), the problems raised by changes in demographic structure, developments in human rights and democracy, changing nature of expectations of people and public administration's failure in meeting them eventually resulted in a decrease in trust towards public institutions. Avcı (2012) also argues that the aims of modernisation are defined as bringing clarity and transparency to public administration, assuring client-centeredness in services, enabling citizen participation and increasing reliability. He further states that the

most significant factor that triggered the search for a new public administration has been reported to be the weakening of trust in public administration and public administrators. Similarly, Bilgiç (2003, p.30) postulates that as citizens became more educated and less obedient to authority and people's expectations of public administration and public managers have changed, they demand higher quality services now. According to Sözen and Shaw (2002), the applicability of NPM is partly dependent upon the nature of relations between the state and civil society. They argue that public pressure and people's expectations of better services with lower taxation played a large role in the successful implementation of programmes of administrative reform in developed countries. The argument is that citizens are increasingly expecting quality and value for money from their public services.

#### **2.2.2.1.3 Political Factors**

In Turkish literature, there is a general view that Neoliberal ideas and New Right ideology are the greatest political factors influencing the emergence of NPM in Turkey. Authors have argued that the New Right ideology which defends the values and principles of the market provides an ideological grounding and framework theory for NPM and ideological and political motives were behind the reforms which were implemented after the 1980s (see Bilgiç, 2003; Eryılmaz, 2011; Çevikbaş, 2012; Lamba, 2014; Özel, 2015). Parlak and Sobacı (2005, pp.203-204) argue that the New Right ideology which defends market values and principles used public dissatisfaction towards public administration in order to meet its target: reducing the state. According to Bilgiç (2003, p.32), criticisms by Conservative governments such as Thatcher's in the UK relating to service methods, implementation, and the structure of traditional public administration have played a significant role in changing governing methods, reducing the state and helping to promote new approaches such as privatisation and alternative service delivery methods. Although many differences exist between Turkey and other Western countries, more or less the same economic and social policies have been implemented within the New Right ideological framework. It was proposed by the New Rightists that the central role of the state in all corners of both the civil and political areas in the republican period has been creating serious problems on critical issues, therefore public administration reforms should be carried out to cut red tape and to reorganise public organizations.

Authors argued that, consequently, the move from traditional public administration to NPM is not free from stereotypes and standards of judgment. The connection between the New Right ideas and NPM brings a political dimension to NPM ideas (Özel, 2015). In this context, the New Right ideology has played a great role in the restructuring of the state and demolishing of the welfare state and bureaucratic power. However, some others believe that NPM is not a simple part of the New Right ideology because NPM has been implemented by many governments which have different programmes. For example, Ömürgönülşen (1997) postulates that NPM is more than a simple administrative vehicle of the New Right and it would be too simplistic to place NPM solely in relation to the New Right ideology and political project. Such a conclusion represents a partial and incomplete reading of the changes that have occurred in the 1980s and 1990s. In this sense, NPM becomes a symbol of a major transformation process of public administration, which goes beyond the New Right ideology (Özel, 2015; Parlak and Sobacı, 2005).

#### **2.2.2.1.4 Globalisation and International Organisations**

Globalisation involves a process of deconcentration of economic activity worldwide in order to create economic integration in the international system. Globalisation has become a worldwide trend due to increasing international trade and investment, developments in telecommunication and transportation technologies, and the expansion of markets for goods and services worldwide. Globalisation has generated significant and system-transforming effects on politics, the economy, and identity in Turkey, and it has become impossible to understand and govern the country without reference to globalisation (Keyman, 2010). According to Olgun (2006), while globalisation targets the nation-state, it strengthens local governments, as it was seen in the joining of Metropolitan Municipalities of Turkey into globalisation processes with the influence of neo-liberal economic ideas.

It is a well-known fact that the international fashion of globalisation is closely related to international economic organizations. The emergence of the neo-liberal agenda in Western countries in the 1970s was expressed in the World Bank (WB) and International Monetary Fund (IMF)-supported economic reform programmes in developing countries in the 1980s, with a demand for smaller, efficient, and cost-effective public administration which could only be achieved through reforms. Kapucu and Kösecik (2002) argue that NPM ideas are primarily developed in the

Anglo-American context, and diffused by international organizations such as the OECD, the IMF, and the WB. The Turkish case seems to be a perfect reflection of this pattern of international convergence in public management reform, suggesting that as a developing country, international organizations have played a significant role in Turkey's reform programmes and NPM-type reforms (Erençin, 2002; Sözen and Shaw, 2002; Aydınli, 2003; Güzelsarı, 2003; Sözen, 2005; Çevikbas, 2012; Kayasü and Yetişkul, 2014; Lamba, 2014).

It should be pointed out that the possibility of membership of the EU was always a substantial motivation behind the reforms during the last decades. Turkey was granted candidate status for full membership in the EU by the European Council in the Helsinki Summit of December 1999. The growing momentum of the EU Accession Process in 2005 has led to a deepening of Turkey's transformation reforms, especially in the areas of democracy, human rights, and adaptation of governing structures (Lamba, 2015). In sum, since 2000, Turkey has been undergoing a process of European transformation, including almost all areas of the governing structure and the interactions between state, society, and individuals (Keyman, 2010).

Other key players in the development of policy packages and reforms in the 1980s were the IMF and the WB. As Turkey has been dependent upon foreign loans since the end of the Second World War, the IMF and the WB were key factors in the applicability of NPM to the Turkish context (Sözen and Shaw, 2002). The WB and the IMF programmes implemented in Turkey were designed to reduce the size and scope of the public sector, to rationalise the government's role in the economy and society, and to seek free market solutions for the problems of the economy and the public sector. Subsequent studies by the OECD and the WB suggested for Turkey to foster internationalised best practice by having value for money that could be obtained through the introduction of competition, a separation between providers and purchasers, and the introduction of management reforms (Sözen and Shaw, 2002). The need was identified for Turkey to put greater emphasis on reducing waste and improve the management, efficiency and effectiveness of public resources (Kayasü and Yetişkul, 2014). Alkan (2011) argues that Turkey's relations with and dependence on international financial institutions rearranged the sphere of local government and administration under compulsion. The WB and the IMF have

been in a position to interfere in the stipulations of financing local services and investment, and even in the pricing schedule of public services in detail (Keleş, 2012)

### **2.2.2.2 NPM Reforms in 2000s**

As a result of political destabilisation, economic crisis and the gaining momentum of the EU Accession Process, a new reform process was launched in Turkey's economy along with other areas such as democracy, human rights and administrative structures in 2000s. As Lamba (2015) and Kayasü and Yetişkul (2014) argue, while the first wave of NPM-inspired public administration reforms were launched from the 1980s onwards with the implementation of neo-liberal economic values and tools such as deregulation and privatisation, the second wave of NPM reforms started in the 2000s, with Law No. 5227 on Basic Principles and Restructuring of Public Administration in 2003. Law No. 5227 was seen by many as a concrete reflection of NPM ideas on the Turkish legislative system. It was argued that the law was fully prepared in accordance with the NPM approach attempting to apply the basic principles of NPM (Güler, 2005; Kapucu and Palabıyık, 2008; Avcı, 2012). The law emphasised the formation of a public administration based on participation, transparency, accountability, human rights and freedoms, decentralisation, individual entrepreneurship and privatisation (Dinçer and Yılmaz, 2003; Yılmaz, 2014). However, the draft law was turned back to parliament by the President of the Republic and has never been debated since then. During the following period, several partial and individual reforms in the context of NPM principles and values were made such as Law No. 5018 on Public Financial Management and Control Law, Law No. 4982 on Right to Information Act, Law No. 5393 on Municipalities, Law No. 5216 on Metropolitan Municipalities, Law No. 5302 on Special Provincial Administration, the Public Audit Corporation (Ombudsman) Act, Law on Provision of Universal Service and Amendments to Certain Laws, and Law No. 6360 on the Establishment of 13 Metropolitan Municipalities.

Three studies, conducted by Lamba (2014, 2015) and Çetin (2015), made significant contributions to the literature by showing that major elements of reform programmes which have been on the agenda in Turkey since the 1980s are largely in the line with the general prescriptions of NPM. First, Lamba (2014) conducted a content analysis of the sixteen preambles of the public administration reform laws between

the years of 2002 and 2014 in terms of the main principles of NPM. He found that the reforms, of which the general frame was determined with the Fundamental Law Draft for the Public Administration, are coherent with the main principles of NPM. According to his findings, efficiency and productivity were mentioned in a great majority of the general justifications, and transparency, accountability and participation in public administration were emphasised. Other commonly used principles were the advantages of scale-economy, public-private partnership and various service-provision alternatives, usage of the private sector's methods and techniques, and decentralisation. Lamba's (2014) study is an important contribution to the literature in that it provides clear evidence that the recent public administration reforms including decentralisation efforts are NPM-inspired reforms.

In another study, Lamba (2015) examined the reflections of the NPM approach on Turkey by examining 20 different government programmes prepared after the 43rd Government Program (1979-1980). The study illustrated how and to what extent the main principles of NPM featured in the government programmes. Findings obtained indicate that the most frequently-used notions are concepts relating to the field of economics such as efficiency/effectiveness, regulation/arrangement, competition, productivity, quality, private sector, privatisation, deregulation, participative democracy/participative management/governance, and transparency. Service provision and management-related notions, such as citizen-oriented and result-oriented service, specialisation, and flexible employment are used more often after the 60th Government Program due to the EU Accession Process and the IMF policies. It is observed that there has been an increase in the frequency and total number of these notions starting from the first programme until the last one today. As a result, it can be concluded that the basic principles and elements of the NPM approach have been included to a considerable extent in government programmes in addition to legislative regulations and application-oriented studies.

Finally, Çetin (2015) analysed the general justifications of four Local Government Laws adopted by parliament during the last decade; Special Provincial Administration Law No. 5302, Municipality Law No. 5393, Metropolitan Municipality Law No. 5216 and lastly, Law No. 6360 on The Establishment of Fourteen Metropolitan Municipalities and Twenty-seven Districts and Amendments at Certain Law and Decree Laws. The study used the method of content analysis for the

evaluation of the NPM approach's key themes, principles, and components in the reference laws. She found that in almost all of the general justifications of the examined laws, the NPM principles of participation, effectiveness, efficiency, accountability, transparency, decentralisation, subsidiarity, private sector-based method applications in the public sector, horizontal organisation, performance management and result orientation, strategic planning, competitiveness, flexibility, pluralism, service quality, cost-efficiency, openness, and economy of scale came to the fore. The necessity of transformation in the public administration system has been highlighted in all local government laws in order to achieve success in the administrative system through NPM principles (Çetin, 2015).

In sum, a wide range of NPM-inspired reforms have been taking place since the early 1980s, particularly in the 2000s, in Turkey. It should be pointed out that this is not a completed process; rather, there is no stable, smooth, strictly prescribed, comprehensive reform package. Many reforms were introduced partly by putting different laws into action when the political and social conditions were suitable. However, considering the general trend witnessed during the last decades, it would be possible to consider the reforms in public administration as a programme which constitutes a strong shift from the traditional system to one with a flexible, entrepreneurial, and client- and results-oriented ethos.

## **2.3 Decentralisation**

As one of the main components of NPM, decentralisation reforms played a central role in public sector reforms driven by NPM. The magnitude of implementation has made decentralization a key global trend in public administration and management in the last three decades (Azfar, et al., 1999; Ahmad et al., 2005; Steiner, 2005; Pollitt, 2007b). NPM proponents advocate that forming disaggregated manageable bodies free from strict hierarchical rules improves productivity in the public sector by increasing the organisation's responsiveness, facilitating the provision of public goods and services, reducing red tape, lowering government expenditure, promoting innovation at a local level, raising staff motivation, and enhancing accountability (Pollitt, 2007b, p.378). The perceived benefits of decentralization have attracted a diverse range of supporters that favour small government, free-

markets, and a bottom-up approach, while privatisation is encouraged as a way to advance decentralization (Tanzi, 1996; Bardhan, 2002). Experiences of the previous two decades show that decentralization is being implemented essentially everywhere (Faguet, 2014), in political entities that are both federal and unitary, industrialised and developing, highly centralised and more decentralised, democratic and autocratic, and in the governments of the left, right and centre (Manor, 1999; Bardhan, 2002; Faguet, 2014). Pollitt (2007, p.372) argues that one reason decentralization became popular was its ability to be used as an instrument to satisfy many distinct agendas simultaneously, beyond NPM objectives. Similarly, Ebel and Yilmaz (2002, p.2) postulate that decentralisation has been put into practice by: the developed Western world, for the purpose of providing public services in a more cost-effective way; developing countries, for the purpose of countering economic inefficiencies, macroeconomic instability, and ineffective governance; post-communist countries, for the purpose of transitioning better to market economies and democracy; Latin American governments, in order to respond to the political pressures of democratisation; and African states, in order to imbue a sense of national unity. Ahmad et al. (2005, p.1) observed that in the period 1980-2005 over 75 countries had attempted to transfer responsibilities of the state to lower tiers of government. In sum, decentralisation has been used as an essential practice in the toolkit of NPM toward rendering the government more efficient (Osborne and Gaebler, 1992), responsive, and accountable, perhaps as a panacea for government failure in delivering public services.

### **2.3.1 Definitions of Decentralisation**

Because decentralisation measures are related to diverse goals and issues, finding a coherent definition becomes close to a nightmare (Schneider, 2003). Decentralisation has been defined and interpreted in several ways in the literature. For example, Dubois and Fattore (2009, p.707) have found forty different definitions of decentralisation used in the literature. It is sometimes considered as a concept, a process, a methodology, or a policy. It is an ambiguous (Fesler, 1965) and romantic term (Rhodes, 2002b) and it can signify the state of being decentralized or the process of becoming so (Fesler, 1965; Treisman, 2002; Prud'homme, 2003). Smith (1985, p.1) defines decentralization as the delegation of power to lower levels in a territorial hierarchy, whether the hierarchy is one of governments within a state or



offices within a large-scale organization. According to Maas (1959, pp.9-10), the term decentralisation refers to the areal division of powers in order to ensure the basic values of the modern democratic state. Rondinelli, Nellis and Cheema (1983) give a more detailed explanation, describing it as the transfer of planning, decision-making, or administrative authority from the central government to its field organisations, local administrative units, semiautonomous and parastatal organisations, local government, or nongovernmental organisations.

This study uses Falleti's (2005, p.329) definition of decentralisation, which is "a process of state reform composed by a set of public policies that transfer responsibilities, resources, or authority from higher to lower levels of government in the context of a specific type of state." The sequential theory of decentralisation proposed by Falleti (2005) has three main characteristics: a) it defines decentralisation as a process; b) it takes into account the territorial interests of bargaining actors; and c) by incorporating policy feedback effects, it provides a dynamic account of institutional evolution. Falleti's definition is useful for this study because, a) decentralisation is conceived as a process of public policy reform; b) lower levels of government are recipients of the transferred responsibilities, resources, or authority; c) decentralisation is a process of state reform: transition to a different type of state necessarily implies commencement of a new decentralisation sequence; and d) the degree of authority devolved to local authorities determines the levels and types of administrative, fiscal, and political decentralisation policies.

### **2.3.2 Types of Decentralisation**

Decentralisation is a complex phenomenon and generally has many different aspects including the transfer of authority and financial resources to lower-tier governmental authorities and regional government offices, allowing local government representatives to be selected through local elections, transferring authority and responsibility for service delivery to local government, shifting authority to raise adequate revenue and to make expenditure decisions to the local level, and full privatisation. As a result, there are several different typologies and forms of decentralisation in the literature. The transfer of authority and financial resources can be through deconcentration, delegation, devolution (Rondinelli, 1981; Tanzi, 1996; Bird and Vaillancourt, 2006), federalism (Smith, 1985; Rhodes, 2002b) or

privatisation/deregulation, and involves a combination of dimensions of fiscal, administrative, political and economic powers and functions (Rondinelli, 1981; Prud'homme, 1994; Steiner, 2005; Cheema and Rondinelli, 2007). Deconcentration, devolution, and delegation, and, secondly, political, administrative and fiscal decentralisation, are two widely used typologies categorising the best known forms of decentralisation.

Administrative decentralisation is defined as the transfer of responsibility for planning, management, and the raising and allocation of financial resources from the central government and its agencies to field units of government agencies, or subordinate units or levels of government, semi-autonomous public authorities or corporations area-wide, regional or functional authorities, or nongovernmental private or voluntary organizations (Rondinelli and Nellis 1986, p.5). Administrative decentralisation involves the transfer of central government structures and bureaucracies to the local level (Cheema and Rondinelli, 2007).

Prud'homme (1994) proposed three types of decentralisation: spatial, market and administrative. According to Prud'homme (1994), administrative decentralisation can be subdivided into three types: de-concentration, delegation, and devolution.

- De-concentration is the redistribution of decision-making among different levels within central government. This implies only a delegation of administrative control to lower levels (sub-national governments in the administrative hierarchy, Prud'homme, 1994). It refers to a shift in administrative responsibilities from central ministries and departments to regional and local administrative levels by establishing field offices of national departments and transferring some authority for decision making to regional field staff (Cheema and Rondinelli, 2007, p.3). There may be levels of citizen involvement but the local officials are subject to directives from above (Steiner, 2005, p.9), some of which may negate the preferences of the local population.
- Delegation is the transfer of responsibilities from central government to semi-autonomous organisations not wholly controlled by the central government but ultimately accountable to it (Prud'homme, 1994, p.2). According to Cheema and Rondinelli (1983, p.21), this type of delegation refers to the

transfer of a swath of power 'to an organization that is technically and administratively capable of carrying them out without direct supervision by a higher administrative unit' for the purpose of planning and implementing decisions regarding a particular set of activities.

- Devolution is the transfer of powers from the central government to independent sub-national governments. It refers to the transfer of resources and power to lower level authorities which are largely or wholly independent of higher levels of government, and which are democratic in some way and to some degree (Manor, 1999). In its purest form, devolution entails that the local units of government are autonomous, independent, and clearly perceived as separate levels of government over which central authorities exercise little or no direct control (Cheema and Rondinelli, 1983, p.22). Devolution involves the complete transfer of decision making over finance and management of public services to quasi-autonomous local government units. Devolution usually transfers responsibilities for services to municipalities where residents elect their own mayors and council members, revenues are raised locally and local governments have independent authority to make investments.

Prud'homme (1994) defined spatial decentralisation as a process of diffusing urban populations and activities away from large agglomerations. Market decentralisation involves economic liberalisation, and is defined as a process of creating conditions in which goods and services are provided by market mechanisms, rather than by government decisions. Economic or market decentralisation entails, among other things, privatisation of state enterprises and deregulation of markets (Cheema and Rondinelli, 2007).

Fiscal decentralisation refers to fiscal transfers to lower levels, enabling sub-national governments to have power over their financial decisions, to raise revenues, and to perform spending activities. It entails the means and mechanisms of fiscal cooperation in sharing public revenues among all levels of government (Cheema and Rondinelli, 2007, p.7). Fiscal decentralisation is usually accompanied with political and administrative decentralisation.

Political decentralisation entails the transfer of administrative, fiscal and political

powers and functions of public service delivery to elected local governments (Rondinelli, 1981; Azfar et al., 1999). In this form, local officials (e.g., governor, mayor, council member) of sub-national governments are elected by secret ballots, and sub-national governments are given independent power for decision-making by constitutional or legislative authority. Local governments have discretion to take decisions and implement them.

In practice, decentralisation typologies and forms are often used interchangeably and usually successful decentralisation reforms require the simultaneous occurrence of administrative, fiscal, and political decentralization in order to realise the full potential benefits. Although supporters of decentralisation provide a wide range of justifications, the results of decentralisation reforms in developing countries have not always been positive. Even where programmes have been relatively successful, not all of the anticipated benefits have accrued to either central or local administrative units (Cheema and Rondinelli, 1983). Ultimately, decentralisation is a political decision, and its implementation a reflection of a country's political process (Rondinelli et al., 1983), political motives, and other administrative, social and economic dynamics. Governments may apply several different types and forms of decentralisation at various different levels, for example, administrative deconcentration without political and financial decentralisation, deconcentration without democratisation, or political devolution with fiscal recentralisation, and so on. Moreover, there could be unintended consequences of decentralisation reforms which require a governmental response to avoid the negative effects of those consequences. This may include further decentralisation reforms shortly after. For example, administrative deconcentration may increase the power of the state by establishing more control mechanisms over fragmented administrative structures, while economic decentralisation through privatisation and market liberalisation may create the demand for greater political participation and democratisation at local level. Therefore, one country's decentralisation measures should be considered an evolutionary and incremental process for allocating administrative, fiscal, or political power to subnational governments in order to meet diverse goals, rather than being defined as a single category or by specific features.

### 2.3.3 Advantages and Disadvantages of Decentralisation

While it is important to define different forms of decentralisation, the forms and concepts of decentralisation are different in each country, depending on, for example, their institutional structure, economic situation, civil society needs, and previous experiences. Pollitt (2007) explains that one reason for the popularity of decentralisation is its ability to be used as an instrument to satisfy many distinct agendas simultaneously, beyond NPM objectives. In the words of Pollitt and Bouckaert (2004, p.6)

*“Public management reform is usually thought of as a means to an end, not an end in itself. To be more precise, to multiple ends. These include making savings (economies) in public expenditure, improving the quality of public services, making the operations of government more efficient and increasing the chances that the policies which are chosen and implemented will be effective.”*

To achieve these important objectives, public management reform may make use of diverse processes, including privatisation, decentralisation and externalisation.

The key elements underlying the interest in decentralisation are increasing efficiency, transparency and accountability in the public sector (Ebel and Yilmaz, 2002). Economic efficiency is at the heart of the debate between supporters and opponents of decentralisation policies. Decentralisation of public administration is favoured in order to achieve efficiency gains by enabling a direct link between local provision of services and local tastes (Oates, 1972). The rationale is that leaving central duties and public services to local and regional administrations would make local and regional administrations more effective than central government in the production and distribution of resources. It is also advocated that closeness to citizens provides local administrations with a better understanding of local conditions, citizens' needs and preferences through better information channels and access at the local level, which is expected to enhance efficiency of local services and resource allocation (Hayek, 1945; Tiebout, 1956; Savas, 2000).

As for economic development, it is anticipated that decentralised states will improve general welfare by making public services more responsive to the different needs of

people (McClaverty and Bevir, 2011). Having governments physically closer to the people is believed to offer three advantages:

*“(a) superior information on local conditions and needs, (b) greater participation of citizens in decision making and the production of local services, and (c) greater accountability of public officials to voters.”*

(Channa and Faguet, 2012, p.2)

The rationale is that as every locality has different needs, local governments can produce tailor-made policies for each locality, whereas the central government tends to provide standardised service delivery across the country (Rondinelli et al., 1983). However, in order to gain economic efficiency through the advantage of proximity, local governments have to bring this theoretical advantage into practice, which in reality is a difficult task. First, proximity does not necessarily ensure local people know all local issues. Because of historically high degrees of centralisation of resources, both public and private, there might not be regular or straightforward channels of information transmission at local levels (Ahmad et al., 2005). Second, even if proximity provides knowledge, effective use of this knowledge still depends on local officials' attitudes and choices. Lastly, the effectiveness of the knowledge still depends on how data are collected, processed, and used for policymaking (Treisman, 2007).

Several authors argue that decentralisation undermines efficiency (Prud'homme, 1994, p.6) and gains that could be achieved owing to decentralisation could also be outweighed by other efficiency gains arising from central provision such as economies of scale and the ability to attract better personnel (Prud'homme, 1995; De Mello, 2004; Pollitt, 2007b, p.381). They also propose that since local governments may lack the administrative capacity to govern well (Treisman, 2002, p.8), power should remain in the hands of central governments as this lack of human, financial and technical resources would prevent them from providing appropriate public services in a decentralised scenario (Smith, 1985). Prud'homme (1995) explains that national governments tend to attract more qualified staff in contrast to local government, because they are more likely to offer good careers and better promotion opportunities. In this case, central bureaucratic providers may be more efficient than local ones, because they have greater capacity to invest in technology, research, development, promotion, and innovation. Moreover,

Rondinelli, Nellis and Cheema (1983) argue that governments in developing countries which have tried to decentralize during the 1970s and 1980s have not always had effectiveness or efficiency as their primary goal. As they have rarely embarked on a course of decentralisation primarily for economic reasons, recent experiments with decentralisation cannot be assessed entirely by economic criteria (Rondinelli et al. ,1983).

Moreover, transfers from central government are also subject to political manipulation by that government. There is an emerging consensus in the literature that resource distribution across sub-national governments cannot be explained by efficiency and equity considerations alone; rather, political variables representing the incentives of central political agents are additional and significant determinants (Ahmad et al., 2005). In this sense, this does not mean that decentralisation always guarantees cost savings with regard to government expenditure and decentralisation may have little or nothing to do with NPM: rather, this may be a product of political decisions (Alonso et al., 2015). The motivations of political leaders promoting or agreeing to decentralisation often differ drastically from those of social scientists (Rondinelli ,1990).

Another strong theoretical argument in favour of decentralisation is that it promotes democracy, accountability and responsiveness of government through provision of information to local residents and increasing citizen voice (Faguet, 2012). Decentralisation is seen by some authors as a necessary step towards greater democratisation because it promotes participation and self-management (see; Fox, 1994; Huther and Shah, 1998; Diamond, 1999). As regards democratisation, decentralisation is intended to widen the opportunities for citizens to participate in local decision-making processes. As for accountability, decentralisation strengthens the principles of transparency and accountability, and devolution of power makes government more accountable for the implementation of its tasks, as citizens hold their elected officials to account for their behaviour and performance. This is achieved through broader participation in planning and decision-making processes on a local level either by citizens themselves or by their elected representatives. It is argued that participation signifies that people have the legitimate right to voice their concerns in affairs which affect their lives. The socially marginalised – for example, the poor, the young, women, or ethnic minorities – can participate in

designing and implementing public policies: the socially weak can reflect critically on their current situation, which may lead to possible solutions (Rondinelli et al., 1983). However, while supporters of decentralisation claim that it makes states more transparent, less corrupt, and more accountable, these claims are highly criticised as well. First, it is widely accepted that there is usually a big gap between the rhetoric and the reality of participation. For example, local people may not be accustomed to participation, while socially weak and disadvantaged people may be despised by local political and administrative leaders. Moreover, local officials are often not favourably disposed towards local participation in decision-making processes. Second, local governments can easily be captured by elite groups or vested interests who are unwilling to share power or to allow greater participation in decision making (Rondinelli, 1990). The potential danger of elite capture diluting the benefits of decentralisation is always possible. Even if resources and responsibilities between central and local governments can be effectively decentralised, there remains the question of whether locally-elected governments will have better incentives for service delivery (Ahmad et al., 2005). As patterns of accountability are complex in highly decentralised systems (Pollitt, 2007b, p.381), there are probably more opportunities for corruption at the local level. It is just as likely that local elites will capture local government to pursue their own interests - something easier to accomplish at the local level - resulting in the exacerbation of clientelism and corruption (Prud'homme, 1995; Treisman, 2002). This arises because, first of all, local politicians and bureaucrats are likely to be more susceptible to pressing demands from local interest groups. Second, the intimate relations between locals and officials at the local level provide opportunities for collusion. Third, bureaucratic traditions and monitoring are usually better developed at the national level than at the local level. Finally, the amount of pressure exerted by the media is greater against national corruption than for local corruption (Prud'homme, 1994, p.11; Treisman, 2002, p.8).

Moreover, NPM reforms encompass a focus on private sector management norms and the fragmentation and decentralisation of public services. Decentralised service delivery mechanisms are justified over centralised service mechanisms theoretically in terms of promotion of equity, efficiency, effectiveness and innovation (Cheema and Rondinelli, 2007). This focus requires a transformation of public service practices and a shift from traditionally structured bureaucratic administration, which



is centralist, driven by an ethos of public service and inflexible to more fragmented service delivery practices. However, it has also been noted that decentralisation of the public sector into autonomous institutions and units is not always feasible (Boyne, 1996), since it focuses on short-term results. It may also produce poor coordination and overlapping functions and use of resources (Rhodes, 1994; Treisman, 2002) with the associated costs for governments that a lack of coordination can produce (Alonso et al. , 2015), which dilute the potential benefits of decentralisation. Critics argue that precisely because many tasks are devolved from central to different local governments and to other non-state organisations, coordination becomes a critical issue that consumes much more energy than centralisation. Moreover, the newly-emerged collaborative networks between public and private entities raise a critical challenge of coordination (McClaverty and Bevir, 2011). Rhodes (2002b, p.9) argues that greater decentralisation brings with it demands for better co-ordination, improved government regulation and greater capacity to steer: in the end, the centre strikes back. This is called a 'paradox of decentralisation': decentralising measures may require more effective and possibly bigger central governments. Misalignment between the structure of the government bureaucracy and the assignment of service responsibilities to different tiers confuses incentives, weakens accountability for service delivery, and creates conflicts of interest instead of checks and balances (Ahmad et al., 2005).

Finally, critics argue that decentralisation is not a school for democracy and there is no necessary link between decentralisation and democracy (Rhodes, 2002b). Decentralisation can exist without local democracy and the practice of local democracy often falls short of the theory (Rhodes, 2002). Although it is a mistake to assess any form of decentralisation only in its administrative or organizational dimensions, or only from a technical perspective, it is also misleading to assess decentralisation only by its contribution to promoting political democracy, a concept in any case which means different things in different societies (Rondinelli ,1990).

#### **2.3.4 New Theoretical Developments**

Cheema and Rondinelli (2007) describe two waves of decentralisation over the past half century. In the 1970s and 1980s, the first wave of post–World War II thinking on decentralisation focused on deconcentrating hierarchical government structures and bureaucracies. The second wave of decentralisation, beginning in the mid-

1980s, broadened the concept to include political power sharing, democratisation, and market liberalisation, expanding the scope of the private sector. They explained that by the mid-1980s, with the continued weakening of centrally-planned economies, the waning of the cold war, and the rapid growth of international trade and investment, economic and political forces reshaped conventional concepts of not only economic development but governance and decentralisation as well. They also conclude that the fall of authoritarian regimes in Latin America during the 1980s and in Central and Eastern Europe during the early 1990s, and the rapid spread of market economies and more democratic principles in East Asia, brought renewed interest in decentralisation. The IMF, the WB, and other international development organisations prescribed decentralisation as part of the structural adjustments needed to restore markets, create or strengthen democracy, and promote good governance (Cheema and Rondinelli, 2007). Similarly, Rhodes (1997) argued that disaggregating public bureaucracies into agencies, the use of quasi-markets and contracting-out, and the growing role of the market and civil society in decisions regarding provision of public services have extended the concept of decentralisation to broader level - a shift from government to governance or steering networks through indirect management. According to Cheema and Rondinelli (2007), now decentralisation is interpreted beyond the transfer of authority within government and thus includes the sharing of power, authority, and responsibility among all stakeholders, especially the local community, in local governance. They describe the evolving concept of decentralisation as follows:

*“As the concept of governance became more inclusive, decentralization took a new meaning and new forms. ... We trace the transformation and evolution of concepts and practices of decentralization from the transfer of authority within government to sharing of power, authority and responsibilities among broader governance institutions” (p.2).*

### **2.3.5 Decentralisation in Turkey**

Historically, the Turkish public administration system has had a very strong centralist orientation. Local governments have long been subjected to a strong administrative and financial tutelage. This emphasis on strong central administration was inherited from the Ottoman Empire and has been reinforced in the Turkish Republic as part of the national modernization process (Tosun and Yılmaz, 2008). It is a unitary state,

characterized by strong state tradition and administrative centralisation, where any demand for decentralisation has been perceived as a threat to the unity of the state. Even though municipalities were founded in the last period of the Ottoman Empire, central authority has always been powerful and prevented the empowerment of local administrations (Bayraktar and Massicard, 2012, p.14). The continuation of the centralist tradition inherited from the Ottoman period can also be seen as a strong adherence to a policy based on a strong central government and weak local governments (Polatoğlu, 2000; Özcan and Turunç, 2008).

In spite of the fact that the centralist tradition comprising a policy of strong central government and weak local government is the most apparent feature of the Turkish administrative structure, there have been continuing debates over the necessity of local government reforms since the 1980s. In the Turkish context, as Polatoğlu (2000) suggests, this growing interest is directly related to efficiency and effectiveness in the provision of public services because of inadequacies in central agencies and their field units in handling public services and their inability to respond quickly to problems. Therefore, the intention or efforts to decrease the size of the central administration has directed attention to local government reforms for possible solutions. In this sense, decentralisation has been seen as one of the most promising solutions for failures or problems of state apparatus.

Turning to definitions of decentralisation in the Turkish literature, Eryılmaz (2008, p.86) defines decentralisation as the transference of some administrative powers, such as planning, decision making, and collecting public revenues, to provincial institutions, local governments, federal units, semi-autonomous public institutions, professional associations and voluntary organisations. While Özel and Eren (2012) suggest that decentralisation can be interpreted as the minimisation of the central administration, Bilgiç (2009, p.127) argues that the context of decentralisation has expanded and privatisation has also started to be evaluated as an aspect of decentralisation. Placing greater emphasis on the effects of neoliberal ideas on decentralisation reforms, Özding and Özding (2010) postulate that suggestions about decentralisation reforms in Turkey are mainly based on three arguments: an expectation for democratisation which is based on a liberal approach and draws a positive parallel between democracy and local governments; an effective and efficient provision of local services underpinned by neo-liberal transformation in a

manner consistent with market conditions; and supporting local entrepreneurship born out of the concepts of globalisation and competing localities. Similarly, Özcan and Turunç (2008) argue that post-1980 decentralisation activities were partly introduced by liberal export-oriented growth strategies and partly demanded by cosmopolitan urban and local elites.

The major steps towards decentralisation in Turkey's history were carried out by ANAP in the 1980s. The ANAP government made the most fundamental change in 1984 when they introduced the "Greater City Municipality", which was a two-tier metropolitan municipality model consisting of lower-tier municipalities under the coordination of the Greater City Municipality, for the largest cities in order to solve the rapid urbanisation problems of those metropolitan settlements (Keleş, 2012, pp.330-335). With the new law in 1984, GCMs were established and given greater responsibilities, along with more advantageous financing options than other municipalities (Neyaptı, 2005). The main concern behind this reform was increasing efficiency in the provision of urban services in big cities.

The decentralisation process gained new momentum under the Justice and Development Party (AKP) governments after 2002. Decentralisation reforms were made by a series of laws between 2004 and 2014. Following criticisms that the centralised bureaucratic structure is inadequately responsive to the needs of citizens, strengthening local governments has been a key priority within the governments' reform agenda. In this context, the former laws regulating local governments were totally changed and the duties, responsibilities and powers of local governments were expanded with the Law No. 5302 on Special Provincial Administration, and the Law No. 5393 on Municipalities, Law No. 5216 on Greater City Municipalities, the Law No. 5355 on Local Government Unions and the Law No.6360 on The Establishment of Fourteen Metropolitan Municipalities and Twenty-Seven Districts and Amendments at Certain Law and Decree Laws. The new laws, approved in the mid-2000s, narrowed the administrative tutelage control of central government over local governments and also included provisions for participatory mechanisms in local communities. Additionally, local government bodies were also granted the legal authority for outsourcing almost every service in their spectrum of tasks. The Municipality Law of 2005 also envisaged the establishment of institutions and mechanisms for the participation of the residents, which in practice hardly

functioned. According to Yavaş and Palabıyık (2006), legislative reforms that centred on restructuring local governments in Turkey have been based on generally accepted justifications such as: reform, effectiveness, efficiency, local governance, participation, and accountability. Especially following Law No 6360 in 2012, the Turkish metropolitan municipality system has changed considerably and significant changes were implemented with respect to the presentation of administrative, financial, political and public services.

The reasons for decentralisation reforms are commonly categorised as internal and external factors in the Turkish literature. External factors include the influences of NPM, globalisation and international organisations such as the EU, the WB and the IMF, which were key players behind Turkey's decentralisation reforms in the 2000s. (see; Palabıyık and Yavaş, 2006; Bilgiç and Gül, 2009; Emini, 2009; Özdiñç and Özdiñç, 2010; Sözen, 2012; Zengin, 2013). It is also argued that there are internal factors which led the country to launch decentralisation reforms: changes in the country's economic and social structure; problems caused by rapid urbanisation; the emergence of civil society and the need for better democracy; political stability and the nature of the country's politics; and the need for reform in the local government system (see ; Sözen, 2005; Özcan and Turunç, 2008; Emini, 2009; Toksöz et al., 2009; Bayraktar and Massicard, 2012; Taş, 2012). It is claimed by some authors that reforms have tended to favour the Greater Cities because of the effects of NPM ideas and globalism, which posit that local governments should act with managerial principles. For example, Sözen (2012) considers recent decentralisation reforms as managerial reforms aimed at improving the economy, efficiency and effectiveness of the public sector. Similarly, Lamba (2014) reaches the conclusion that local government reforms during the last decade involve basic NPM principles, after conducting a content analysis of sixteen preambles of the public administration reform laws during recent decades — five of which are related to local governments reforms.

In terms of outputs of the recent decentralisation reforms, in particular, those achieved through Law No.6360, Çiner and Karakaya (2013) argue that the recent reforms have created two different territorial administration models for the provinces of the country: the metropolitan provinces and other provinces. Zengin (2014, pp.99-114) describes the basic elements of the reform in his study: the government has

granted Greater City status to more than fourteen provinces in addition to the existing sixteen provinces, transforming their provincial city municipalities into GCMs. Moreover, thirty out of the eighty-one provinces of Turkey have become GCMs. He also states that the government has reorganised the territorial administration of the greater city provinces by enlarging the jurisdictions of all GCMs from the urban centres of the cities to the provincial borders and by amalgamating all town municipalities and villages into district municipalities. Akıllı and Akıllı (2014, p. 683) point out that the reforms have brought two things in principle: one is the expansion of the metropolitan areas and the other is the introduction of NPM measures to confront fiscal and democratic challenges.

It is argued that the reforms have introduced some new mechanisms for improving local participation and have tried to strengthen municipal councils. For example, Toksöz et al. (2009, pp.43-47) emphasised that the reforms have improved democratic governance in localities by decreasing the administrative tutelage of local governments, strengthening municipal councils, and increasing local participation along with new managerial means for local governments, such as strategic plans, analytical budgeting, and internal and external auditing. Similarly, Urhan (2008) proposed that the reforms have decreased administrative tutelage of municipalities, expanded local participation opportunities in the municipalities, and introduced the subsidiarity principle. In terms of effects of the reforms on local democracy, Gül (2013, pp.366-367) focuses on the effects of the reforms on political leadership, claiming that the reforms have strengthened the mayors — particularly GCM mayors — in order to achieve powerful local leadership.

On the other hand, Köroğlu (2013, p.300) argues that although the reforms were expected to bring effectiveness in service delivery and urban planning, the goal of better democracy has remained limited. He claims that the reforms have not been able to create new participation channels for local decision-making, and the municipal councils are the only existing mechanism for local participation. Alkan (2015) shares a similar view that local government units and villages have been abolished by one quick legal arrangement, which had neither been shared with and debated by the public, nor by other groups concerned – such as academics, specialists, and NGOs, nor by localities –such as the target villages and small town municipalities. She posits that in many cases where the small units are weakened

or annihilated, the aim for efficiency in service delivery and infrastructure is prioritised at the expense of local democracy, civic participation and autonomy. Finally, Akıllı and Akıllı (2014) argue that the local government system is becoming recentralised around metropolitan cities for the sake of achieving economies of scale, and this centralisation means that decision-making has been removed from distant assemblies.

The reform is also criticised by some authors for not solving problems of democratic governance at the local level and failing to clarify central and local government relationships. For example, Toksöz et al. (2009) claim that central government still has an opportunity to use its power to interfere in the business of local governments. They also claim that the task of sharing between the central and local governments is not clear and, therefore, that central and local governments have overlapping responsibilities. Furthermore, with respect to democratic governance, they state that mayors are still powerful counterweights to municipal councils; therefore, the existing tradition in the municipalities persists (Toksöz et al., 2009, pp.126-130). In sum, recent decentralisation reforms are heavily criticised for giving more priority to managerial improvement rather than improving local democracy.

In the Turkish literature, studies that examine decentralisation reforms are mostly based on secondary sources, focusing on the effects of the reforms on local government structures or analysing the reforms from a particular aspect. Usually, they lack in-depth analysis and were not able to build a proper and comprehensive approach. Moreover, researches which analyse the outcome of the reforms based on fieldwork are very scarce. Among the few studies based on fieldwork analysing decentralisation reforms, Çınar et al. (2009) conducted fieldwork in Ankara and Mersin metropolitan provinces of Turkey in order to explain the effects of those reforms. Based on surveys with 19 municipal actors, they found that the decentralisation reforms have introduced new local services, have enabled quick and holistic local service delivery, have provided better quality water services for higher prices, and have ensured citizen satisfaction while weakening local democracy, decreasing local autonomy, and increasing the red tape in the district and town municipalities. However, these surveys were limited in scope and lacked in-depth analysis.

Alıcı (2012) also analysed the effects of the reforms on the relationship between the Greater City Municipality of İstanbul and its 39 district municipalities. The fieldwork involved structured elite interviews with 31 municipal actors and a survey comprising 22 closed-ended questions with 125 municipal actors. According to the important findings of this study, the Greater City Municipality Law (Law no: 5216), which was one of the main reform laws, was unsuccessful in resolving the problems of the GCMs: the distribution of powers, functions, and responsibilities between such municipalities needs to be regulated again because the district municipalities have less power and functions, although the local governments are much closer to citizens; there is still a mayor-centred structure in the GCMs and, thus, the mayor is still a more powerful counterweight to the Greater City Municipality Council and the GCM usually does not care about the views of the district municipalities in the decision-making process.

In another fieldwork-based study, Oğuz and Sönmez (2013), analysing Law No. 5216, carried out a survey among all of the 19 district municipalities within İzmir Greater Municipality considering aspects of metropolitan governance approaches. Despite methodological concerns arising from the limited number of participants, this study provides some analytical findings suggesting that the law conflicts with issues of functionality; has problems related to its definition of metropolitan area boundaries; has limited capacity to enhance efficiency and participation within district municipalities; causes complexities about the distribution of authority between district municipalities and GCMs in an unbalanced structure of responsibility and authority for planning issues, and produces uncertainties related to the principles of sustainable planning and participation processes. According to other findings of the study, the law does not allow municipalities to work in collaboration and restricts the participation of district municipalities in the management, planning and implementation processes of the GCMs.

Finally, Tekel (2009) conducted a survey among district mayors within the jurisdiction area of Ankara Greater City Municipality in order to evaluate the metropolitan municipality model. Although, again it is limited in scope in terms of participants, the study is worthy of mention because of its focus on the relationship between district municipalities and the Greater City Municipality and on how this relationship affects service delivery. The findings suggest that expanding the



number of municipalities within the metropolitan area brought some problems in service delivery, planning and coordination due to the fragmented local administration structure, the political differences between mayors, and the lack of political power, financial resources and personnel of district municipalities. Tekel also found that Greater City mayors are reluctant to provide effective service delivery to geographically distant district municipalities and that GCMs are likely to misuse their power based on political bias, resulting in a loss of autonomy for district municipalities.

## **2.4 Externalisation of Local Services**

Over recent decades, many countries around the world have launched managerial reforms inspired by NPM. These reforms have aimed to spread private sector managerial tools and principles to both central and local governments' service provision with the objective of obtaining greater levels of effectiveness, efficiency and economy in the public sector (Hood, 1995; Hughes, 2003). Following the transformation of the idea that state provision was the one best way to deliver public services, there has been a shift in understanding of the role of the state in public service delivery. The assumption was that public services were better managed in the interests of efficiency through private sector economic drivers, which would result in provision that was cheaper, more efficient, and more responsive to customers. Externalisation of government services is generally supported on the assumption that it creates better efficiency levels due to the lower production costs, competition in the provision of public services and adopting business-style management (Savas, 1987; Osborne and Gaebler, 1992; Dunleavy and Hood, 1994; Hood, 1995; Greene, 2002).

NPM argues that local government can become more efficient as a consequence of both market competition and adopting business-style management (Dunleavy and Hood, 1994; Osborne and Plastrick, 1997). As one of the main tenets of NPM, in many countries, public sector reforms encompassed the privatisation of formerly nationalised industries such as gas and electricity, as well as carrying out important reforms to externalise and decentralise public services delivery. Moreover, local governments in various countries have gradually abandoned direct forms of

management in favour of more indirect forms involving the adoption of various externalisation arrangements (Argento and Grossi, 2010). Consequently, the debate around privatisation of public assets has moved to a broader consideration of private sector involvement in the delivery of public services. The externalisation of public services through corporatisation, contracting-out, public–private partnership, different forms of cooperation and collaboration between municipalities for joint provision, and privatisation have been applied extensively in conjunction with the private sector. This is most evident in the UK (Ascher, 1987; Walsh, 1995), where externalisation has been applied to a wide range of services from ‘hard’ services such as waste collection and road maintenance to ‘soft’ services such as mental health care, childcare, and services for the elderly (Hirsch, 1995; Greene, 2002). For example, research conducted by Torres and Pina (2002) confirms that a significant percentage of the services provided by larger EU cities are deconcentrated or externalised.

Municipal governments have two major options for providing public services: in-house provision or some degree of externalisation. First, governments choose whether or not to outsource rather than rely on in-house provision, and second, they choose the external provider (Ferris and Graddy, 1986a). In-house provision would mean that the municipality finances, owns, and operates the resource. The alternative to in-house service provision is a new public service delivery model which involves transferring some aspects of the delivery of public services to external providers. There has been a growing recognition that external providers to a public agency could include not only private firms but also non-profit organisations, volunteers, and other government organisations (Alford, 2012). Outsourcing is an arrangement where an organisation makes a contract with a supplier from outside that organisation for services which had previously been provided internally. Government outsourcing – or contracting out – is commonly defined as the delivery of public services by agents other than government employees (Minicucci and Donahue, 2004). Ascher (1987) describes contracting out as the situation where one organisation contracts with another for the provision of a particular good or service.

Externalisation is any arrangement in which one or more external providers produce all or some of the service (Alford and O’Flynn, 2012). In recent decades, the

contribution of non-profit organisations to public services generally increased around the world as well as various forms of inter-organisational collaboration within government. The involvement of these non-business actors in public service delivery warrants a general label. John Alford and Janine O'Flynn (2012) refer to this phenomenon as 'externalisation'. As they state, governmental organisations are not only engaged in their own production tasks such as policy advice, service delivery and regulation, but they are also engaged in inducing others outside their organisations to contribute to those tasks through various mechanisms (Alford and O'Flynn, 2012). Using this definition, in this study the term of externalisation is considered an umbrella term that covers either a situation where the whole of the production of a service is handed over to an external entity, or where it is shared with an external entity. In this sense, contracting out, outsourcing, partnership and collaborations are used as subsets of externalisation.

In the externalised form of municipal service delivery, a municipality makes a contract with private sector organisations which perform a service on behalf of the municipality. Even though municipalities do not produce externalised public services themselves, they set up the competitive bidding process, monitor the delivery of services to the community, and regulate privately provided activities according to public criteria. Due to the characteristics of local services, municipalities are more likely to be involved in externalisation and privatisation than central government. Municipal services are more ordinary and routine, such as waste collection, road maintenance and water. It has been suggested that the private characteristics of municipal services are one important reason for the wide use of contracting out (Stein, 1990). However, Greene (2002) argues that the use of contracting out by local governments is due more to practical expediency.

#### **2.4.1 Theories of Externalisation**

The central focus of the externalisation literature is on the fundamental question of whether public organisations should produce their services in-house or externalise them to private companies, non-profit organizations, or other public organizations. Several theoretical approaches have been developed in relation to local governments' choices between public and private alternatives for service provision.

Public Choice was the first comprehensive analysis of delivery choices within the domain of public services. The public choice literature critiques traditional bureaucracy and service delivery models for being over-supplied and over-staffed since politicians and bureaucrats use service provision as a tool to maximize their own individual personal utility or political power (Savas, 1987). Seminal work by Niskanen (1971) proposed that public managers are credited as self-interested agents who try to maximise their personal utility and interest through longer terms or larger budgets. Therefore, they will monopolise public service delivery leading to overproduction, inefficiency and unresponsiveness to citizens' desire for choice. Charles Tiebout (1956) argued that, at least at the local government level, a market does exist for public services providing there are both competitive pressures on local government managers to be efficient, and choice to citizen consumers. As externalisation brings new positive incentives provided by competition and market discipline (Osborne and Gaebler, 1992; Kettl, 2000), in a market context, NPM proponents offer privatisation and externalisation as a means to break apart government monopoly, reduce public sector size and costs, promote efficiency, and provide citizens with greater choice.

Property Rights Theory is another important approach in explaining 'make or buy' decisions of local governments. While the Public Choice literature focuses on the incentives guiding politicians and bureaucrats' behaviour, the Property Rights literature compares these incentives with those faced by private sector owners. Property Rights Theory suggests that two economic elements are critical for understanding ownership: residual control rights (Grossman and Hart, 1986; Hart and Moore, 1990) and residual rights to income (residual claimancy) (Alchian and Demsetz, 1972). This theory typically assumes that ownership would not matter for economic efficiency, since each contingency would be specified in the contract (i.e. there are no residual rights, by definition, see Kim and Mahoney, 2005). More generally, modern Property Rights Theory complements extant Agency Theory and Transaction Costs Theory by introducing ownership concepts in an incomplete contract setting, and emphasising relation-specific assets (both physical and human asset specificity) (Kim and Mahoney, 2005). Externalisation may provide cost savings, but it can also result in a lower quality of service. The theory of incomplete contracts provides a useful analytical framework for studying situations where contracting is a complex operation (Grossman and Hart, 1986; Hart and Moore,

1990). Within this framework, Hart, Schleifer and Vishny (1997) show that – with private production – the manager has incentives to reduce costs without concern for quality erosion. Hence, there is a possible trade-off between cost savings and service quality. Therefore, privatisation will most likely reduce costs, but can also deliver a lower quality of service (Bel and Fageda, 2007).

The Transaction Cost Economics Perspective argues that the Public Choice approach is limited because it neglects of the attributes of service, production sectors, market competition and the cost of transaction (Ferris and Graddy, 1988, 1991, 1994; Stein, 1990; Sclar, 2000; Brown and Potoski, 2003; Hefetz and Warner, 2004, 2007; Levin and Tadelis, 2007; Bel and Fageda, 2008). This theory argues that the ‘make or buy’ decision depends not only upon the characteristics of the service, but also on transacting costs, such as the cost of obtaining relevant information, negotiating, monitoring, enforcing contracts with external providers, and so on. Williamson (1981) defines transaction costs as the comparative costs of planning, adapting, and monitoring task completion under alternative governance structures. Williamson (1981) focused on two broad service-specific characteristics that are relevant for transaction costs: namely, asset specificity and service measurability. Asset specificity refers to whether specialised investments are required to produce the service. Service measurability refers to the difficulties for the contracting organisation in measuring the outcomes of the service or in monitoring the activities required to deliver the service. The transaction cost will be higher if the service in question is highly asset specific, and the process of contracting is uncertain and complex. Under this view, the nature of a specific service becomes very important, and the monitoring process is key to the success or failure of the outsourcing decision (Hefetz and Warner, 2007).

In this respect, the main factor in the ‘make or buy’ decision is the nature of the services associated with other transaction costs (Ferris and Graddy, 1986, 1991) and market conditions (Bel et al., 2010). Contracting out is likely to be more successful if the magnitude and specificity of the assets required to provide the service are smaller and the quality characteristics that are non-contractible are less important (Domberger and Jensen, 1997). Similarly, Brown and Potoski (2003) pointed out that local government choices are driven by the degree of asset specificity and service measurability involved in the decision to provide local

services. Williamson (1981) argues that easily measurable service outputs result in low transaction costs because it is easy to track the process of production and identify the service outputs. In their pioneering work, Ferris and Graddy (1986) identify four different groupings of services sharing similar characteristics that affect local governments' production decisions: public works, public safety, health and human services, and recreation and arts. They argue that contracting out services in the public works category is a good choice, because they are characterized by tangible outputs, easy evaluation of service quality, high levels of provider availability (mostly for-profit firms), intensive labour requirements, no important distributional goals, and low possibility of moral hazards. Lamothe and Lamothe (2006) argue that services that are difficult to measure require highly specialised investments, or have important distributional goals are expected to be produced in-house by local government through joint contracting rather than complete contracting. According to Stein (1993), based on his typology, most private goods and toll goods are expected to be provided through non-direct service delivery modes including contracting out while most collective goods are better off delivered through direct service provision by governments. In this context, easily specified services like refuse collection are considered better candidates for contracting out than complex social services (Hefetz and Warner, 2007). In this respect, transaction cost economics provides a powerful perspective for analysing the choice of certain types of service provision in various local governments, because it can provide a comprehensive explanation of how local governments work in different governance structures.

Principal Agent Theory provides a framework for structuring and managing contract relationships between the principal and the agent. It has been applied extensively to a range of contractual relations (Bogart, 1995; Brody, 1996; Van Slyke, 2006; Bertelli and Smith, 2009). Principal Agent Theory focuses on the relationship between principals and agents and the issues that arise when we assume their interests diverge (Walsh, 1995). The theory suggests that contracting will be successful when exact specifications can be drawn up, outputs easily measured, and inadequate suppliers quickly replaced (Donahue, 1989). Awortwi (2012) suggests that Principal Agent Theory is an appropriate model for analysing local government contracts with private contractors, as the theory sees economic problems associated with the purchase-provider split and how they can be

controlled by bonding the interests of agents to those of their principals. Principal Agent Theory played an important part in NPM because it provided a theoretical support for many practical reforms including the structural separation of purchasers and providers to establish relationships. However, critics have argued that the model is one-sided because it negatively characterises an agent's behaviour as self-seeking and ignores agent loyalty, pride, and identification with the principal's goals (Davis, Donaldson, and Schoorman, 1997), while the direct role of third parties (users or citizens) in the contractual relationship is often neglected (Awortwi, 2012).

Finally, institutional arguments have also been used to explain service production processes in public organisations and local government. Likewise, important decisions about public service delivery are under heavy influence from various institutional expectations. This has already been investigated and documented in empirical studies. Brown and Potoski (2003a) examined the influence of various institutional expectations on important decisions about public service delivery. They argue that different groups of stakeholders will often have opposing views on 'make or buy' decisions. Where this is the case, this conflict may put pressure on decision makers and lower level staff, preventing them from making rational choices in accordance with the goals of the organisation. For instance, the interests and priorities of politicians may be in conflict with economic and administrative rationalities (Hansen et al. , 2011), or the existence of strong public employee unions may be a powerful constraint on the ability to contract out (Joassart-Marcelli and Musso, 2005). As Hefetz and Warner (2007) show, the broader institutional framework leads to pragmatic choices by local government managers as well as other transaction costs. Warner and Hebdon (2001) measured institutional aspects such as local employment impact, while Wassenaar et al. (2010) showed that concern for local employment and the stability of municipal service provision might play a role when considering contracting out.

Neo-institutional literature also postulates that economically rational considerations are not enough to fully explain the actions of public organisations. Instead, institutional factors such as rules, values, habits, power, and internal and external pressures are important factors that affect change processes in organisations (Lounsbury, 2008; Scott, 2008; ter Bogt, 2008; Modell, 2009). In other words, Neo-institutionalism enhances economic models with more institutional details and

proposes an eclectic and more pragmatic view of public decisions (González-Gómez et al., 2010). Therefore, the primary objective of organisational change is not better performance with respect to costs and quality, but greater legitimacy (Brignall and Modell, 2000; Ashworth et al., 2007). Oliver (1992) identified three sources of pressure on institutional norms or practices leading to institutional change. First, functional pressures arise from perceived problems in performance levels or the perceived utility associated with organisational practices. Second, political pressures arise when the utility or legitimacy of current practices is seriously called into question. Third, social pressures arise from the environment of the organisation, such as changes in law or societal expectations.

#### **2.4.2 Merits and Shortcomings of Externalisation**

In the literature, merits and shortcomings of privatisation and externalisation have been extensively debated. In theory, under NPM ideas, externalisation can increase efficiency, reduce cost, improve quality, downsize government and increase consumer choice or satisfaction because it brings in the competitive pressures of the market (Ferris and Grady, 1991; Kettl, 1993; Boyne, 1998).

Cost reduction is one of the major benefits claimed by externalising local services because it is argued that privatisation may allow a more powerful structure of incentives for managers (Hart, Schleifer and Vishny, 1997); may provide more opportunities for competition for the market (Niskanen 1971; Savas, 1987); and, more importantly, private firms may exploit scale economies through the aggregation of production across several territorial jurisdictions (Donahue, 1989). However, empirical studies of privatisation and externalisation have found mixed and ambiguous evidence of efficiency and cost savings and it seems that externalisation can only work in certain service areas under certain circumstances. Some studies found that privatisation and externalisation of services resulted in cost savings but others failed to find statistically significant differences between public and private ownership. Early studies such as Savas (1987, 2000), Domberger and Rimmer (1994), Domberger, and Jensen (1997) found a positive relation between privatisation and cost savings. However, some more recent studies from different countries suggested that public and private production do not always present systematic cost differences and efficiencies from externalisation are rarely significant (Hirsch, 1995; Boyne, 1998; Hodge, 2000; Dijkgraaf and Gradus, 2003;



Ohlsson, 2003; Bel and Costas, 2006; Bel and Warner, 2008), while sometimes the evidence shows increased costs and decreased service quality (Sclar, 2000).

In the literature, several factors undermining savings from externalisation were addressed extensively. This failure is generally attributed to lack of competition (Bel and Costas, 2006; Dijkgraaf and Gradus, 2007), poor contract specification (Ballard and Warner, 2000), principal agent problems (Boyne, 1998; Hodge, 2000), and the high transaction costs of contracting (Hefetz and Warner, 2004; Sclar, 2000; Brown and Potoski, 2003b). If there is no competitive market for public services, cost savings should not be expected from externalisation. Private contracting itself may not be sufficient for performance improvements if there is no competition or weak competition (Dijkgraaf and Gradus, 2007). Moreover, a high degree of market concentration may weaken competition for contracts and make it difficult for governments to obtain actual benefits from contracting out (Bel and Costas, 2004).

From the perspective of transaction costs, it is also argued that cost reduction may be less than it appears, due to contract characteristics and specifications. As those contract specifications do not reflect the transaction cost, which could not be estimated during the contract negotiation, local governments might even be faced with higher subsequent costs (Brown et al., 2008). Moreover, if there is a lack of coordination and control between local government and a private provider, this might produce bigger costs than expected due to the need for monitoring. According to Ballard and Warner (2000), failure to monitor contracts significantly increases the chances that either costs increase or quality suffers—or, in some cases, both problems may surface. On the other hand, places that do take monitoring seriously may find that the cost of monitoring contracts equals or surpasses any anticipated savings from private service delivery. Moreover, even if a contract agreement provides cost reductions in public expenditure at the beginning of the contract period, potential savings from outsourcing may diminish or disappear over time through rising prices of the private sector companies (Williamson, 1979), especially for small municipalities (Kodrzycki, 1994; Ballard and Warner, 2000), so cost savings may not be available over the long-term.

Contracting out can also create a loss of control and ability to intervene in local service delivery (Ferris and Grady, 1986b), and there may be difficulties with monitoring contractor performance. With the expansion of local service

externalisation methods and the diversification of organisational forms and ownership structures, local governments have needed to find proper means to regulate and control the activities carried out by the different types of external local service providers. This enables managerial interests to be combined with political responsibility with the aim of protecting customers. Internal departments of local governments have needed to collaborate and compete with an array of public and private organisations (Argento and Grossi, 2010). This trend has resulted in more complex and diversified patterns of service delivery, ranging from public administrations and public enterprises via mixed public/private organizations to private business or not-for-profit institutions.(Grossi and Reichard, 2008), which require proper forms of coordination and cooperation between the various stakeholders involved. In this context, it could be argued that externalisation of public services was among the NPM-inspired policies which helped the process of “hollowing out” the state (Rhodes, 1994), producing a significant variation in systems of local public governance (Rhodes, 2000; Kettl, 2000; Warner and Clifton, 2014).

Another potential benefit of externalisation is the higher quality of private provision. However, many local government politicians and authors have argued that service quality is inevitably lower in the private sector. This is because private contractors’ incentive to engage in cost reduction is typically too strong since they ignore the adverse impact on quality (Hart et al., 1997). It brings the suggestion that an effective monitoring system should be established to ensure that quality is ensured at an acceptable level. However, there is no a priori reason to believe that public sector monitoring will be more effective or efficient.

The evidence about the impact of contracting out on quality of service is largely unknown and inconclusive. Among the few empirical studies that have been conducted on this issue, Dilger et al. (1997) found that the average reported improvement per service was in the range of about twenty-five percent, whereas Hodge (2000) found no statistically distinguishable difference in quality between services provided in house and those that are contracted out. Some studies have even found that contracting out can reduce the quality of service (Sclar, 2000). Contracting out does not always improve efficiency or quality of service. Indeed, in some instances, contracted services may be more expensive and of lower quality than services provided in-house. For example, Zafra-Gomez et al. (2013) pointed

out that greater quality is associated with higher costs. In their study, they found that lack of competition among private suppliers, who show little interest in relatively small contracts, and poorly specified contracts resulting in high service monitoring costs may bring about higher costs, which are not addressed in the corresponding contracts entered into by small and medium-sized local governments.

Theoretically, another promise of market approaches to service delivery was to enhance consumer voice over and above voting by giving more power to the consumer (Savas, 1987, 2000), offering consumer choice or satisfaction. Tiebout (1956) showed that, especially at the local government level, a public market of competing local governments gave mobile residents choice in the tax/service mix of their communities, and provided competitive pressure for local governments to remain efficient. It is also argued that as citizens are closer to their representatives and direct political participation is therefore easier, direct democracy is more achievable at a local level. Consumers can select the amount, timing, and mode of service delivery because of private markets. As citizens want engagement in the service delivery process as part of the exercise of democratic participation, city managers must ensure avenues for citizen engagement in the service delivery, planning, and design processes (Frug, 1999; Nalbandian, 1999; Denhardt and Denhardt, 2003). However, empirical studies show that privatisation has not led to expanded consumer choice or satisfaction (Warner and Hefetz, 2002; Alonso et al., 2015). Markets created by externalisation may not enhance opportunities for citizen engagement unless city managers give explicit attention to creating access for public engagement (Warner and Hefetz, 2002). In addition, the idea that citizens can choose between providers in the market is often unfounded because the citizen usually does not perceive a choice of providers.

Finally, it has been argued that privatisation and externalisation arguments focus on individual interests rather than on collective ones such as universality and fairness. These approaches view citizens as clients and, as a result, those who are richer and better informed are rendered the highest quality services (Olsen, 1988). However, some authors have found no systematic association between consumer satisfaction and such policy changes, since the social, institutional and economic environment that affects citizens' attitudes is complex, as shown by Fiorio et al. (2007). Privatisation and externalisation also raise questions of accountability and control

within local communities, as well as around the replacement of public service ethics with private sector profit-making objectives (Ascher, 1987), and the potential to produce considerable fraud and corruption (Kettl, 1993). As Young (2000) pointed out, outsourcing is an application of numerical flexibility that manipulates the labour use of the peripheral group of workers and allows managers to adjust their levels of labour input to changes in demand. This labour market flexibility has become another main reason for the growth in outsourcing. Kodrzycki (1994) and Ballard and Warner (2000) point out that contracting out imposes high costs on individuals, especially on workers. Indeed, the literature suggests that many of the cost savings from privatisation arise through local governments choosing to follow low road economic strategies that rely on the lower priced labour of private firms (Ballard and Warner, 2000).

#### **2.4.3 Determinant Factors of Externalisation**

Another important subject that is extensively studied in externalisation literature is determinant factors of the production and provision of local public services. The question of whether organisations should externalise their services or provide them internally has concerned scholars for decades. Following the pioneering research of Ferris (1986), which analysed the causes behind contracting out municipal services in the United States, numerous papers have studied the determinants of local government decisions regarding the provision of local services. Despite their increasing number, studies in this field have reached no consensus on which factors best explain the externalisation of local government services. Determinant factors which affect externalisation decisions can be conceptualised under four headings: fiscal concerns, efficiency concerns, political motives, and ideology.

The possibility of reducing the cost of public services is indicated as one of the main fiscal factors. It is a common argument that there is a positive relationship between a high level of fiscal stress and the choice of privatisation. However, empirical evidence regarding the relationship between fiscal aspects and externalisation suggest that the results are mixed. According to Boyne (1998, p.152), the evidence provides little support for the view that fiscal stress is a significant constraint on decisions to contract out. In some early studies, it is noted that fiscal stress was one of the factors that influence local government service choices (Ferris, 1986; Stein 1990; Miranda, 1994; Hirsch, 1995). During this period, only two studies found a

significant relation between fiscal stress and the privatisation choices of local governments (McGuire et al., 1987; Chandler and Feuille, 1994). Among the more recent studies, while Kodrzycki (1998), Dijkgraaf et al. (2003), Brown et al. (2008), Hebdon and Jalette (2008) found fiscal stress to be a relevant explanatory factor in local service delivery choices, Bel and Miralles (2003), Pallesen (2004), Miralles (2006), Zullo (2009) and Garrone and Marzano (2015) did not find any influence from fiscal restrictions.

Another common hypothesis is that cost reduction as a result of economies of scale and competition is an important motive for contracting out. The assumption is that the possibility of exploiting economies of scale when the public service had previously been delivered over a suboptimal jurisdiction leads to cost reduction (Donahue, 1989). Other assumptions are that there is a greater opportunity to achieve cost reduction because the availability of external providers is broader, and private companies can profit from economies of scale as they can distribute their fixed costs across more than one municipality (Wassenaar et al., 2013). However, this assumption is criticised for many aspects. First, this can lead to monopoly control in the region by one service provider, which undermines competition. Evidence from Spain shows that larger firms serve larger cities, not smaller ones (Bel and Fageda, 2011). Some authors have questioned such indicators for risking measurement problems and effect attribution (Boyne, 1998; Joassart-Marcelli and Musso, 2005). Boyne (1998) discusses how measures of population have produced ambiguous results; therefore, the effect of metropolitan status is negligible. In the studies of Nelson (1997), Dubin, and Navarro (1988), economies of scale are found to be significant determinants of privatisation and contracting. More populous cities should have a larger number of potential contractors and, thus, would be more likely to realise cost savings from contracting (Chandler and Feuille, 1994).

Levin and Tadelis (2007) found that large and urban areas tend to externalise provision to private firms more than small cities and, similarly, Warner and Hefetz (2002), Warner (2006), and Hebdon and Jalette (2008) note that central and suburban metropolitan areas externalise more often than rural areas. Kodrzycki (1994) also posits that governments serving small populations, but located in metropolitan areas, had a higher than average propensity to contract out. In sum, although most of the studies support the hypothesis (Stein, 1990; Hirsch, 1995; Bel

and Miralles, 2003; Dijkgraaf et al., 2003), it can be argued that the exploitation of scale economies varies according to services; externalisation alone is not enough to gain the benefits of scale economies.

Another line of determinant factors for local externalisation policies in the literature is non-economic factors such as political interests and ideological factors. Warner and Hebdon (2001) and González-Gómez et al. (2010) argued that governments with an absolute majority and large electoral support have greater freedom to introduce the externalisation of municipal services. Secondly, in the political domain, politicians search for political gains while their attitudes towards some policies are influenced by their ideologies. Lopez-de-Silanes et al. (1997) point out that politicians derive significant benefits from in-house provision of public services -- such as political patronage -- and may lose these benefits as a result of privatisation. According to the patronage model, local politicians might choose to provide services in-house because they derive political benefits from such provision, including the support of local public sector unions or avoiding their active opposition, opportunity to purchase supplies from political allies, ability to hire relatives and campaign activists, and the ability to use local government employees on political projects (Lopez-de-Silanes et al., 1997). They also claim that factors which reduce the political benefits of in-house provision, especially state clean government and anti-union laws, make privatisation more likely. Dijkgraaf et al. (2003) studied municipal refuse collection in the Netherlands and found that relatively high transfers from the central government or a high level of unemployment raise the probability of externalisation of local services, and political patronage motives can be seen, especially in cases of high unemployment. Further, it is commonly argued that corruption is relatively common in the contracting out of local services. As Bel et.al (2015) points out: a) private firms can improve their chances of obtaining contracts by bribing politicians or public servants and funding political parties; b) firms can gain access to policy makers by hiring influential former politicians; c) the politician may be corrupt, in the sense of being willing to use his control rights to extract money (or campaign contributions) for himself from the contractor, or to pursue political objectives other than the public interest; d) politicians may choose to use public money to provide jobs for workers who then favour them in the elections, or to pay workers' wages above market levels. According to Hart et al. (1997), private production can provide politicians with material gains, since the income received

from private firms (through bribes or election campaign funding) is more difficult to control than income from the government budget or from public companies.

Thirdly, pressure groups which have interests in certain governmental policies tend to affect externalisation decisions. For instance, some studies found a significant influence of interest groups on local externalisation policies (McGuire et al., 1987; Dubin and Navarro, 1988; Chandler and Feuille, 1994; Miranda, 1994; Hirsch, 1995; Nelson, 1997). In this context, it is assumed that the existence of strong public employee unions is perhaps the most powerful constraint on the ability to contract out since they are in favour of in-house provision. It is suggested that through their collective political power, labour unions protect public jobs and preserve their economic rents (Zullo, 2009). Boyne (1998) argues that while strong unionisation may result in a higher possibility of externalisation due to higher labour costs, it also reduces the probability of success. Similarly, Lopez-de-Silanes et al. (1997), Chandler and Feuille (1994), and Kodrzycki (1994) postulate that public employee opposition to contracting out should be greater in cities where public employees' organisational strength is greater - where they are unionised. Public employee unions affect local governments' decisions to contract out because they are likely to increase both the cost of government services (the incentive to contract) and the level of opposition to contracting out (the difficulty of adopting contracting; see Chandler and Feuille, 1994). On the other hand, Young (2000) claims that the wish to increase labour market flexibility, review work practices and, in particular, to decrease the power of the unions have all have been powerful incentives for the adoption of outsourcing in both the private and public sectors.

Ideological factors also may affect externalisation decisions. In theory, left-wing parties favour government intervention in the economy and society, whereas right-wing parties prefer the free market as a mechanism for allocating goods and services (the citizen candidate model; see Alonso et al. , 2016). While this idea is supported by several previous studies (Picazo-Tadeo et al., 2012; Elinder and Jordahl, 2013), a more general finding is that ideological biases are not a significant factor in the 'make or buy' decisions of politicians (McGuire et al, 1987; Hirsch, 1995; López de Silanes et al., 1997; Ohlsson, 2003; Bel and Miralles, 2003; Dijkgraaf et al., 2003; Bel and Fageda, 2007; Tavares and Camões, 2007; Bel et al., 2010). As a country-specific example, Pallesen (2004) found that, in Danish municipalities,

party politics had no impact, and the size and type of local government had no consistent impact on the level of contracting out. In Spain, the work of Bel and Fageda (2008) shows that municipalities with a conservative ruling party employ private provision more often, regardless of the basic ideological orientation of the constituency. They conclude that even if both politics and ideology influence the privatisation decision, political interests have more influence than ideological attitudes and political leaders may be moved by loyalty to an ideology or a desire to win the support of key interest groups. Similarly, Bel and Fageda (2007) analysed 28 studies from 6 countries on local privatisation and found that fiscal stress and interest group pressures influenced the privatisation of local services in early US studies, especially in smaller municipalities; however, the ideological attitudes of policy makers do not seem to influence the service delivery choices of local governments in a systematic way.

Finally, empirical studies on the decision to externalise provide some support to neo-institutional theories regarding privatisation decisions, as they show that externalisation decisions are taken largely due to pragmatic reasons. Warner and Hebdon (2001) found that ideology; politics and unions have negligible influence on local government decisions, as politicians are more concerned with pragmatic matters such as managing markets, enabling service quality, and efficiency. Similarly, Bel and Miralles (2003) concluded that the decision to privatise waste collection in Spanish municipalities was driven by pragmatic rather than ideological reasons. In their study carried out in English local governments, Alonso et al. (2016) found evidence of spatial dependence in the decision to contract out service provision, and evidence that local governments serving populations with a 'collectivist' disposition prefer to contract with non-profit providers rather than commercial firms. They argue that decision-making by public organisations may be the product of institutional isomorphism and contracting out decisions in particular may not simply reflect the imperatives of the technical operating environment, but be the result of forces within the institutional environment. Hebdon and Jalette (2008) noted that managers are pragmatists who balance citizen voice, political interests, market competition, and contract management in a comprehensive social choice framework. Those arguments are shared by several other authors in the literature, suggesting that local governments' externalisation choices are more pragmatic than ideological, taken by pragmatic politicians (Bel and Costas, 2004;



Bel and Fageda, 2007; Bel and Warner, 2008). Although some researchers have suggested that political opposition leads to lower levels of privatisation (Savas, 1987), cumulatively these findings suggest that pragmatic politics and management of interest groups are considered more critical than ideology at the local government level.

#### **2.4.4 New Theoretical Developments**

The process of externalisation has challenged and transformed traditional notions of the government's role, organisational structure of local governments, and the management of local public services as both employers and service providers. The relationships found between local governments, public service providers, and citizens have been transformed by the devolution of power and responsibility to decentralised levels of government, the introduction of managerialism and competition, and the externalisation of public service provision. Municipalities now are in need of new operational skills and forms of management for steering and controlling their contracting activities while ensuring the reliable delivery of services at a certain quality level. They also need to find proper means to regulate and control activities carried out by the different types of external local public service providers in order to combine managerial interests with political responsibility. Thus, the result is that there is an increased need for interaction among stakeholders and the ability to balance a number of various interests, which may conflict with the municipality's public objectives. The boundaries between the public and private sectors become unclear, creating a significant variation in systems of local public governance (Rhodes, 2000; Kettl, 2000). However, the close relationships between contractors and governments in network governance undermine democratic accountability. The lack of control and accountability in contracting networks has led others to give increasing attention to the differences between citizens and consumers (deLeon and Denhardt, 2000; Sclar, 2000; Denhardt and Denhardt, 2003).

Recent literature has challenged privatisation and externalisation of public services for missing the importance of citizen and government engagement in the democratic process. The shift from market and efficiency towards public values and service quality resulted in a need for new theoretical developments balancing citizen engagement with technical service delivery concerns (Sager, 2001; Denhardt and Denhardt, 2003; Nalbandian, 2005; Hebdon and Jalette, 2008; Hefetz and Warner,

2007, 2012). Whereas NPM stresses that the role of government is simply to steer a market process, current trends endorse public sector citizenship, participation and public value, requiring governments to interact not only with markets, but also with communities to encourage democratic deliberation and enhance local quality of life (Nalbandian, 1999, 2005; Denhardt and Denhardt, 2000). This new approach has been termed the New Public Service in public administration (Denhardt and Denhardt, 2003). In this approach, local government managers must balance an even wider set of concerns than markets, including accountability and public preference, citizen deliberation and voice. Governments should provide opportunities for citizens to come together to identify problems, debate choices, to exercise voice, and invest in their community (Frug, 1999; Nalbandian, 1999, 2005). In this sense, local decision-making is seen as the foundation for a democratic society which integrates market mechanisms with citizen deliberation and voice. Hefetz and Warner (2007) state that the New Public Service is gaining interest among deliberative democracy theorists, but has not yet effectively challenged the hegemony of market based approaches to public service delivery.

#### **2.4.5 Externalisation of Municipal Services in Turkey**

Under the influence of neoliberal ideas, the externalisation of public services has become an extensively used method in Turkey at both national and local levels. After the 1980s, in order to meet the increasing demands of growing cities, municipalities were granted more resources and funds along with new responsibilities. Municipalities were vested with the authority to form autonomous branches or companies in some areas (Özdingç and Özdingç, 2010). Moreover, in the search for efficiency and effectiveness with limited revenues, municipalities began to extensively use externalisation methods such as contracting out, corporation, public-private partnership and externalisation of municipal employment, in particular with the establishment of Greater City Municipalities in İstanbul, Ankara and İzmir (Ersöz, 2001; Aydınli, 2003; Sakinç and Kayalidere, 2003; Yıldırım, 2004; Eren and Kılıç, 2006; Karasu, 2009; Erdoğan, 2010; İlkorkor, 2011). A study which involved 406 municipalities in Turkey showed that contracting out is used for almost every municipal service category (YYAEM, 1999). Services contracted out ranged from core services such as cleaning, meter reading, transportation, garbage collection, and water services, to small-scale administrative work within the municipality.

Further laws introduced in the reform package of the 2000s have also encouraged externalisation of local services legally: the Metropolitan Municipality Law (No. 5216), the Municipalities Law (No. 5393) and the Special Provincial Administration Law (No. 5302). These laws gave rights to local governments to employ private sector, non-profit organisations and universities to provide public services on the condition that the responsibility of administration is reserved. As the legal regulations use expressions such as "do-make", "to- move", "built and operate," "privilege," "permit or license," "rent," or "barter," (Özel, 2007), it can be concluded that the legal framework seems to encourage municipalities to externalise their services to the private sector.

Municipalities in Turkey can have services established and operated by the private sector, such as drinking water supply, drains and industrial purposes, wastewater and rainwater collection, the use of mineral water, the establishment of means of public transport, solid waste collection, transport, decomposition, recycling, destruction and storage, and the construction of marinas and wharves. Moreover, Municipal Councils can grant concessions, establish corporations, engage in public-private partnership, privatise companies and establishments and make equity investments, and finally can sign contracts with private actors. In sum, every municipal service can be delivered by the private sector in various forms of externalisation.

#### **2.4.5.1 The Pros and Cons of Externalisation of Municipal Services in Turkish Context**

In the Turkish literature, studies that analyse the externalisation of municipal services are mostly based on secondary resources and, usually, they lack in-depth analysis and a comprehensive approach. The main reasons for externalisation of municipal services in Turkey discussed in Turkish literature are as follows: fiscal stress and budget cuts; cost reduction; improving quality; improving effectiveness and efficiency; avoiding bureaucracy; lack of technical staff; avoiding tutelage; excessive demands from citizens for urban services in parallel with rapid urbanisation; lack of revenue; over-employment due to political motives; imbalance between productivity and wages; problems in work discipline and motivation; the need for cost effective and quality services; time wastage due to paperwork and slow bureaucratic structures; increasing citizen satisfaction; and ideology (Kartal,

2000; Acartürk, 2001; Ersöz, 2001; Dayar, 2002; Aydınli, 2003; Sakinç and Kayalıdere, 2003; Yıldırım et al., 2003; Yıldırım, 2004; Özel, 2007; Kadirbeyoğlu and Sümer, 2012; Sosay, 2012; Vural, 2015 ).

Yıldırım et al. (2003) successfully summarise the reasons for the externalisation of municipal services in the context of Turkey:

- Services produced by municipalities or municipal organisations are not effective due to strict rules of bureaucracy and public sector logic.
- Municipalities are usually overemployed due to political patronage resulting in budget deficits.
- Due to union strikes, some services critical for society ceased to be delivered, this was the case for Ankara and Istanbul Greater City Municipalities in 1992.
- Some services are delivered at a price much lower than their costs by municipal corporations due to social and political factors, resulting in losses compensated by the municipality.
- Municipalities cannot meet citizens' demands for services which have been raised by rapid urbanisation, due to insufficient revenue.
- There is a strict tutelage over the municipalities by central government, forcing municipalities to find alternative ways to avoid this tutelage, such as establishing municipal corporations.
- Even though municipalities can employ contracted personnel, in practice this method is not used extensively because of the low wage policy of the central government. As a result, there is generally a lack of technical personnel in municipalities.
- There is a general perception that the public sector is less productive than the private sector because municipalities produce services at greater cost.
- Central governments' privatisation activities affect municipalities' policies.

Erdoğan (2010) also argues that externalisation became an alternative to traditional service-provision methods as it provides flexibility in employment policies, reduces costs of services due to market competition, and helps municipalities to get rid of

tutelage. He further states that the successes and benefits of GCMs provided by externalisation methods encourage small- and middle-sized municipalities to look for a solution for their financial and administrative problems. Doğan and Dağ (1995) also define the motivations for externalisation of municipal services: high costs of production of goods and services; low revenue and financial resources; absence of human resource management; political patronage in municipal employment; union competition and imbalance between wages and production; lack of vehicles and tools; cost of repair and maintenance of vehicles; organisational problems; and unmotivated personnel.

Sosay (2012) undertook the only study focusing on ideology as a motive for externalisation decisions in Turkish literature. Through her research, conducted in six district municipalities of Istanbul including the metropolitan municipality, Sosay (2012) found that local governments are guided by pragmatic rather than ideological motivations. In addition to consideration of which political party is currently governing the municipality, the selection of district municipalities was based on size and composition of services and employment contracted out as well as contractual employment by municipalities. Based on secondary resources, she states that hiring of temporary workers has been the most prevalent externalisation instrument adopted by both conservative and social democrat municipalities. The evidence of her study is not supportive of the hypothesis that left-wing local governments will be more reluctant to privatise local services, while right-wing local governments will be more inclined to do so.

In terms of the advantages of the externalisation of municipal services, while accepting the fact that the advantages of externalisation may not materialise in some cases due to functional and structural differences, market conditions and legal constraints, some authors claim that externalisation reduces costs and brings efficiency to municipal service delivery. For example, Sakiñç and Kayalidere (2003) conducted a survey among the administrators of the relevant departments in Manisa Municipality in order to evaluate the outputs of externalisation and suggested that externalisation has reduced costs by seventy percent. Similarly, Yıldırım et al. (2003), based on secondary resources, found that externalisation has reduced the cost of the garbage collection and index reading services without sacrificing quality at Kahramanmaraş Municipality. According to Dayar (2002), the contracting out

garbage collection and street cleaning services resulted in increased quality with no extra costs at Kütahya Municipality. Based on secondary resources, she also claimed that productivity doubled and the total cost of workers decreased a hundred percent because the number of cleaning workers reduced from 632 to 249 between 1992 and 2002 (Dayar, 2002, pp. 8-9). Finally, Zengin (1999, p. 224) has claimed that the Municipality of Trabzon has reduced the costs of services by sixty percent thanks to externalisation. The advantages of externalisation of local services in the context of the Turkish municipalities are also summarised in the works of İlkorkor (2010) and Acartürk (2001) : a) cost reduction; b) flexibility; c) risk minimisation; d) benefiting from high technology; d) improved service quality; e) focusing on main capabilities; f) effective use of time and resources; g) competition; h) use of new production technologies; and i) decreasing bureaucracy.

In the Turkish literature, most significant advantages of extensive use of municipal corporations include following: effective and efficient service delivery due to the private sector logic, escaping from the administrative tutelage of the central government; creating additional financial resources for municipality by conducting commercial activities, avoiding bureaucratic constraints and public procurement laws, having flexibility in employing personnel, employing technical and expert personnel (Fırat,1998; Berk, 2003; Kavruk, 2004; Özdemir, 2009; Demirkaya, 2010; Meşe, 2011)

Disadvantages of externalisation of local services are also discussed in the Turkish literature. Although most of them are based on secondary resources rather than fieldwork-based in-depth analysis, they nevertheless summarise perceived disadvantages of externalisation in Turkey:

- Focusing only on costs or giving the tender to the lowest bidder may result in a decrease in the quality of services (Dayar, 2002; İlkorkor, 2010).
- As private companies seek to maximise their profits, they try to reduce the cost by reducing quality and lowering wages. (Falay, 1998; Eren and Kılıç, 2006).
- Contracting out may result in a decrease in organisational capacity and loss of organisational memory (İlkorkor, 2010; Vural, 2015).

- Due to ineffective monitoring and poorly written contract, a municipality may lose control over the contracted service (İlkorkor, 2010) and receive lower quality services (Falay, 1998; Vural, 2015).
- Contracting out may result in the discharge of some personnel. This may create loss of motivation, dissatisfaction of civil servants and unemployment in the long term (Sakınç and Kayalidere, 2003; Yıldırım et al., 2003; Vural, 2015).
- The imbalance between the permanent staff and contracted workers, who are in the same service/production process, in terms of wage, social pensions, work conditions may create dissatisfaction and concern for the future, and eventually alienation. Further, private companies may employ workers at lower wages without insurance or may provide bad working conditions (Falay, 1998; Yıldırım et al., 2003; İlkorkor, 2010; Vural, 2015).
- Contracting out may bring corruption and political patronage. This can dilute the potential benefits of externalisation (Acartürk, 2001; Sakınç and Kayalidere, 2003; Yıldırım et al., 2003; İlkorkor, 2010).
- Competition is not achieved often because fewer local companies are operating in an environment where political relations and other connections play a significant role (Eren and Kılıç, 2006; İlkorkor, 2010; Vural, 2015).
- Contracting out creates the fragmentation of municipal services which decreases effectiveness due to coordination problems (Falay, 1998; Eren and Kılıç, 2006; Vural, 2015).
- Municipal corporations are established to avoid bureaucratic constraints, central government tutelage and auditing and to provide local services within private sector logic, while they also provide opportunities for political patronage, employment of political supporters and corruption. They have become commercial companies forgetting they are established for public good, and there are no effective monitoring mechanisms for corporations (Keleş, 1993; Fırat, 1998; Berk, 2003; Özdemir, 2009; Demirkaya, 2010; Meşe, 2011).

- As municipalities are political organisations, externalisation decisions become a matter of political choice. As a result, mayoral turnover may affect the stability of externalisation policies in municipalities (Yıldırım et al., 2003; Vural, 2015).
- If transaction costs are not taken into account or they are miscalculated, externalisation may become costly (Falay, 1998).
- Contracting out raises accountability problems, as citizens have to know who is responsible for services and where to complain about them. This may weaken the political accountability of mayors regarding contracted out services (Falay, 1998; Eren and Kılıç, 2006).

As rare examples of fieldwork-based studies on the externalisation of local services in the Turkish context, studies by Çınar (2009) and Kadirbeyoğlu and Sümer (2012) are worth particular mention here because of the methods and the contexts of their studies. Based on three case studies, Çınar (2009) examined private-sector participation in the water and waste water sector in Turkey. According to his study, private-sector participation in the water and waste-water sector has mixed results. He found that the unclear organisational division of roles and responsibilities and contradictory expectations have created disputes and confusion between local decision makers and private operators. Administrative losses declined to some extent under private operators, but the water and waste-water services were not provided efficiently in the absence of adequate municipal infrastructure. The study also suggests that although government and local decision makers trust that urban infrastructure-investment needs will decline through the involvement of private finance, it has proved difficult to reduce the technical losses caused by leakages in network pipes because of the lack of public investment in their maintenance. In this regard, he concluded that the investment responsibilities of public authorities should be clearly determined in the contracts.

Kadirbeyoğlu and Sümer (2012) studied two municipalities, Van and Çanakkale, by conducting interviews among municipal officers in order to analyse the extent to which neoliberal reforms have reshaped local governments in Turkey. The study's findings revealed that contracting out is experienced in services in both cities: public transport, water and sewage, cleaning and the environment, and technical services



for building the infrastructure of the cities. Secondly, they observed that changes in the way municipal services are provided are seen as a necessity under the conditions imposed by central government and externalisation is rationalised through the belief that contracting out is indeed a better way to deliver services once the accountability and responsiveness issues are clearly formulated. They also concluded that more competition translates into lower costs, although contract accountability requires two forms of knowledge: local and technical. Finally, they determined that accountability measures depend mostly on the good-will and ethical conduct of municipal personnel and companies.

## **2.5 Conclusion**

This literature review shows that although there are various studies on the effects of decentralisation on public service delivery and the marketisation and externalisation of local services from both developed and developing countries, these processes have not been examined widely in the context of Turkish local governments. It could be said that the decentralisation reforms since the 2000s and the increasing use of alternative service delivery models at a local level have gained the interest of academic circles, politicians, and government officials of Turkey; however, studies that evaluate decentralisation processes in the context of public service delivery are very scarce. It is still not sufficiently known what the effects of decentralisation reforms and the externalisation of municipal services are, to what extent they have achieved their intended consequences, and what their unintended consequences are.

What makes this study different from other studies is that, first, although some studies in Turkey have sought to explain the effects of externalisation policies and decentralisation reforms separately, those policies have not been analysed and conceptualised together as equally central tenets of NPM in a fieldwork-based academic study in Turkey. This study will contribute to the Turkish academic literature by filling a gap in our knowledge about how NPM ideas works in practice in the context of Turkish local governments by analysing these two central aspects. Secondly, having reviewed the Turkish academic literature, it is clear that most studies are based on secondary resources, assessing the reforms and policies

either in terms of political and administrative contexts or in terms of the legal framework. They usually offer descriptive explanations in a legal or formal manner without making any in-depth analyses. A few studies focus on the implementation aspect of recent reforms or local service delivery models and are based on fieldwork. However, they discuss the effects of the recent decentralisation reforms or local service delivery models from certain dimensions rather than examining the whole decentralisation and externalisation processes more comprehensively by focussing on how those reforms and policies worked. Based on primary fieldwork, this study takes a holistic approach that analyses the outcomes of decentralisation processes and the externalisation of local services by taking into account multiple stakeholders' views and expectations.

## **Chapter 3: Theory**

### **3.1 Introduction**

This study is concerned with understanding the effects of decentralisation on local service delivery and externalisation of the public services provided by Turkish local governments. It aims to evaluate outcomes of decentralisation and externalisation policies enacted by municipal services through looking at them from the standpoints of a range of stakeholders. In order to evaluate whether the goals of externalisation policies and the recent decentralisation reform have been reached, a stakeholder-based evaluation of the externalisation of local services was conducted. This stakeholder-based evaluation takes into account all programme stakeholders including decision makers, programme staff, programme actors (such as private and non-governmental organisations), and volunteers.

Two evaluation approaches were used in order to establish a feasible, valuable, and effective evaluation design in this study: theory-based evaluation and stakeholder-based evaluation. Theory-based evaluation involves a programme model which is used to create a framework for the evaluation. Stakeholder-based evaluation requires stakeholder involvement in the evaluation process. I believe that theory-based stakeholder evaluation makes it possible to expand our understanding of programmes at a broader level with the help of listening to and learning from programme stakeholders. It creates a policy environment where ideas and assumptions may be exchanged among researchers, practitioners, and stakeholders, which can lead to a richer and more complex understanding of how and why these programmes work.

The purpose of the design is to collect information from stakeholders to evaluate externalisation and decentralisation policies, which economic analysis and formal evaluation leave out. Involving stakeholders during evaluation can provide unique perspectives which contribute to a credible, high quality and useful evaluation. This

helps to incorporate different perspectives in order to produce credible evidence of outcomes and impacts.

This chapter describes the concept of evaluation and explains the nature of these two evaluation approaches. The term of evaluation used in this study refers specifically to programme evaluation as it is used in the evaluation literature.

## **3.2 Evaluation**

Evaluation activity can be conducted within many different disciplines and formed in a number of different ways. Various definitions of evaluation have been offered over the years by several authors. This has created a diversity of terms used to define and describe the concept and nature of evaluation. Because of this diversity, there can be a possible confusion in comparing terms related to evaluation when professionals and academics are attempting to elucidate evaluation theories and methods. Although each definition has a slightly different view of evaluation, some commonalities can be found between these definitions.

The broader definition of evaluation involves all efforts to place value on events, things, processes, or people. Scriven (1999) defines it as a systematic investigation of the merit, worth, or significance of an object. Scriven's definition is considered one of the most popular and correct definitions because many claim that making judgments about the merit, worth, and value of things is a prerequisite for doing evaluation. From this point of this view, evaluation is a form of inquiry which takes as its focus, for example, a programme, process, organization, or person, and which results in a merit and/or worth judgment (Guba and Lincoln, 1989).

Rossi, Freeman and Lipsey (2004, p.16) define programme evaluation research as the use of social research methods to systematically investigate the effectiveness of social intervention programmes. In programme evaluation research, researchers use social research methods to study and inform improvements in social and administrative programmes in all their important aspects, including their design, implementation and administration, their outcomes, and their efficiency (Chen, 2005).

Evaluations are conducted to aid in decisions concerning whether programmes should be continued, improved, expanded, or curtailed; to assess the utility of new programmes and initiatives; to increase the effectiveness of programme management and administration; and to satisfy the accountability requirements of programme sponsors (Rossi, Freeman and Lipsey, 2004, p.2). They aim to provide answers to programme stakeholders' concerns, such as whether the programme is creating the intended effect, if there are unintended outcomes, whether to continue a programme, and whether the programme is worthwhile. The results of evaluation are also used to see how the programme could be improved, how it is planned and implemented, and how effectively it achieves its goals. Therefore, in some respects, programme evaluation can be considered as the process of analysing the functioning of all aspects of a programme or department in order to provide information for planning and decision-making processes. Michael Patton (1997, p.23) defines programme evaluation not as the application of scientific research methods, but as the systematic collection of information about a programme to inform decision-making. He explains its purpose as making judgments about a programme, improving its effectiveness, and/or informing programming decisions. Programme evaluation ensures that the results which stakeholders will use are supported by evidence.

### **3.2.1 How Did Evaluation Evolve?**

The widespread use of systematic evaluation emerged in the 20th century, although its historical roots can be traced back to the 17th century. Ideological, political, and democratic changes played an important role in the application of social research methods to evaluation, which was aided by the development of research methods. Evaluation was first commonly practiced in the education and health sectors during the 1930s and began proliferating a few decades later. In the early 1970s, evaluation research emerged as a distinct specialism in the social sciences. During this period, social scientists conducted a range of comprehensive evaluation activities from prevention programmes, public housing programmes, and educational activities to community organisation initiatives. Improved social research methods and quantitative statistical techniques helped researchers to tackle complex and large-scale evaluation research.

Traditional evaluation emphasises scientific methods while methodological rigor is seen the main criterion for a quality evaluation. The key features of the data collected through traditional evaluation are reliability and validity. In traditional evaluation, the evaluator is expected to be objective and neutral and to be outcome-focused. This creates a preference for applying experimental methods, use of numbers, statistical tools, and an emphasis on programme outcomes. Patton (1997, p.7) refers to this as a new order of rationality in government – rationality undergirded by social scientists. Guba and Lincoln (1989) categorised traditional evaluation models into three different generations. According to them; first generation evaluation emerged in the 1900s and is characterised as measurement-oriented. It is associated with the tradition of educational research and scientific management in business and industry. In the first generation, the role of the evaluator was generally technical. Second generation evaluation focused more on description and emphasised the achievement of objectives and the analysis of programme strengths and weaknesses. Therefore, the role of the evaluator was essentially as a describer. Third generation evaluation involved judgement as a part of evaluation. The programme, its performance, objectives, and goals were subject to evaluation. Evaluators also assumed the role of judges and helped decision makers to determine standards for judgement.

Guba and Lincoln (1989) identified a number of major problems with the first three generations of evaluation approaches. The first problem is that these approaches have a tendency towards managerialism. The manager tends to stand outside the evaluation. His or her managerial qualities are not called into question. Manager and evaluator decide which questions should be asked, how answers will be collected and interpreted and who will see the result. Other stakeholders are not represented in this process.

According to Guba and Lincoln (1989), the second problem of the first three generations of evaluation is that value pluralism was not accommodated. There is the question of whose values are to be taken into account. The claim of value-freedom within the scientific mode of inquiry is not tenable and, that being the case, value pluralism within societies and between cultures is a crucial matter to be attended to in an evaluation (Guba and Lincoln, 1989). The third problem described is over-commitment to the scientific paradigm of inquiry, meaning that evaluation

approaches ignore the context in which they take place, relying too strongly on hard quantitative data, 'truth finding,' and scientific rigor.

What actually occurs as a result of an intervention? The favoured method to answer this crucial question in traditional evaluation is to use the best possible scientific methodology. The randomised experiment has been considered an optimal method. In this method, academic researchers randomly create two equivalent groups and randomly assign beneficiaries (such as students, groups of students or patients) or organisations (such as schools or hospitals) to experimental and control groups and then contrast the outcomes after the experimental group receives a particular intervention and the control group receives no special treatment or some different treatment (Stufflebeam and Shinkfield, 2007). If any differences are found between the two after the intervention occurs, these differences could be the outcome of the intervention. During the 1960s, true experiments were considered by many scientists as the best means of doing an evaluation and the sole preferred method to evaluate social programmes. Fundamental to these theories was Campbell and Stanley's (1963) work named 'Experimental and quasi-experimental designs for research on teaching', which defines the conditions for appropriate experimental and quasi-experimental designs.

Chen (1990) names this type of evaluation as method-driven evaluation. In method-driven evaluation, research methods have held a predominant role and evaluation design is determined by the process of a particular method. In classical experimental design, internal validity, random assignment, and before and after measures were preferred methods. Under this framework, since the evaluator can effectively use a standardised method, the same research procedure may be used for different programmes regardless of their content and context.

Controlled experiments have a number of advantages (Chen and Rossi, 1992). According to Stufflebeam (2001), since they focus on results and not just intentions or judgments, they provide strong methods for establishing relatively unequivocal causal relationships between treatment and outcome variables. Rossi, Freeman and Lipsey (2004) define randomised field experiments as the flagship of impact assessment because, when well conducted, they provide the most credible conclusions about programme effects. They also noted that, despite their rigour, randomised experiments may not be appropriate or feasible for some impact

assessments since their results may be ambiguous when applied to programmes in the early stages of implementation.

In spite of their merits, there are several disadvantages of method-driven evaluations. They can be too narrow because experimental studies do not provide information about how the programme achieved its effects. They do not provide a broader range of information which can be used by organisations to evaluate and improve their programme. On this point, experimental studies tend to provide information that is not useful for guiding the development and improvement of programmes. Using a particular preferred method persistently may narrow the focus on the critical issues and stakeholder concerns.

Second, experiments require large amounts of time, money, and staff, which are not always available. Moreover, programmes are generally new and not long-established. Finally, random assignment to the programme may sometimes be seen as unethical or politically unfeasible by programme stakeholders: they may be unwilling to permit randomisation.

Guba and Lincoln (1989) stated that the extreme dependence on the methods of science in the first three generations of evaluation had a number of consequences. First, assessing the evaluand as if it were not embedded in a highly specific context means a generalisation is suspect and reduces the contextual relevance and usability of the findings (context stripping). Second, overdependence on quantitative measurement leads to the presumption that what cannot be measured cannot be real. Thirdly, science claims to tell us about "the way things really are" and, given managerialism and commitment to the scientific paradigm, this locks thinking into the positivist mode and lends illegitimate support to the status quo (the coerciveness of truth). Fourth, scientific truth is non-negotiable: if science discloses the truth about things, then any other alternative explanations must be in error. Finally, the evaluator bears no moral responsibility for his conclusions if they are scientific truth (Guba and Lincoln, 1989).

### **3.2.2 Theory Based Evaluation**

Chen and Rossi (1989) have argued that because method-driven evaluation does not provide a clear understanding of the intervention process, how services are experienced by programme participants, and how services are expected to lead



to outcomes, a paradigmatic shift occurred during the late 1980s. Attention switched from what works to why it worked or not. A move from method-driven evaluation approaches to a “theory-driven” approach would both improve evaluation practice and make evaluation a more rigorous and thoughtful scientific endeavour (Chen and Rossi, 1989).

It has been acknowledged that it is important to understand the intervention process in the field of programme evaluation. Usually, method-driven evaluations focus solely on measures both before and after the programme without addressing what happens to participants during the programme. These outcome-focused approaches do not provide any information about how and why the programme has achieved its outcomes. In order to explain why a programme worked or didn't work, the evaluation has to describe what happened during the intervention. A theory-based approach to evaluation can help to address these limitations.

Theory-driven programme evaluation is a relatively new approach within evaluation practice and is becoming increasingly popular, despite confusion about the exact nature of this type of evaluation (Donaldson, 2007). This confusion is partly because many interchangeable terms are used to label this approach, such as theory-oriented evaluation, theory-based evaluation, theory-driven evaluation, programme theory evaluation, intervening mechanism evaluation, theoretically relevant evaluation research, programme theory, programme logic, and logic modelling (Donaldson and Lipsey, 2006). In spite of this diversity, the assumption common to these terms is that each programme is based on a particular set of beliefs or causal hypotheses.

Theory-based evaluation aims to develop a clear understanding of the intervention process (Weiss, 1972; Chen and Rossi, 1983). Theory sometimes refers to a programme logic model, or theory of change, that represents a “plausible and sensible model of how the programme is supposed to work” (Bickman, 1987, p.5). Theory-based evaluation involves identifying the key service components and expected programme outcomes, and working with programmes to make explicit the underlying assumptions about how these service components will lead to the desired outcomes (Chen, 2005). It is an approach which focuses the theories and the assumptions of policy makers, programme managers or other stakeholders. These services, outcomes, and the hypothesised links between

them, constitute a base for establishing and developing a programme theory. This programme theory is used to create a framework to guide the implementation and interpretation of the evaluation. The evaluator elicits the programme theory from programme stakeholders and investigates whether or not this theory is plausible and sensible.

Thus, the central purpose of theory evaluation is to understand fully the nature of the programme, including its purpose and design (Donaldson and Gooler, 2003). In this manner, it examines not only whether a programme is effective but also whether, why or how policies or programmes cause intended or observed outcomes. Theory-based approaches to evaluation use a theory of change to explain conclusions about whether and how an intervention contributed to observed results. According to Rossi, Lipsey, and Freeman (2004), these theories can express intervention logic of a policy which includes policy actions. In this manner, not only the effectiveness of policy but also other factors will affect the outcomes.

Scriven (1998) and Stufflebeam (2001) have argued that there is no need for this type of evaluation and that an outcome evaluation, which provides stakeholders with results on whether the programme is working or not, is more beneficial. According to Scriven (1998), theory-based evaluations are often a waste of time and the role of an evaluator is not to know how a programme's inputs produce outputs and how those outputs produce outcomes, but rather to provide data on the programme's effectiveness. Against these arguments, others noted that it could serve the need of the client to understand the programme design and improve it. For example, Donaldson (2007) postulated that theory-based evaluations are able to provide details, explanations, and propositions of the various programme components and, in so doing; they establish an underlying logic about the programme's operation. Donaldson (2007) also points out that, in the case of an unsuccessful programme, a theory-based evaluation could provide reasons for programme failure and information which could strengthen the programme effect.

In theory-based evaluation, both quantitative and qualitative methods can be used in testing theories and there is no favoured research design or methods as long as they are applied rigorously. They are chosen depending on the evaluation design and their accuracy in answering research questions. Neither quantitative,

nor qualitative, nor mixed method designs are necessarily superior or applicable in every evaluation context (Chen, 1990). After discussions with the decision makers, management and other stakeholders about their feasibility, quantitative or qualitative methods such as interview, observation or randomised experiment are applied.

Effective theory-based evaluation practice has the potential to help service deliverers, service recipients and other stakeholders to improve their work. When key stakeholders design or implement an intervention programme, they usually have some ideas about how the programme should be constructed and why the programme is supposed to work. Evaluators first need to understand stakeholders' clarification of their programme theories, because stakeholders usually don't have systematically documented programme theory. Collaborating with diverse stakeholder groups to find out the what, how, and why of programme activities often empowers the programme. Involving stakeholders in this way can promote evaluation standards of utility, feasibility, and accuracy. Hence, the engagement of stakeholders around developing programme theory is an important role for programme theory to play in evaluation practice.

Weiss (1995) suggests that, because theory-based evaluations focus on providing explanations for programme effects, an increased use of this method may lead to an improved ability to integrate evaluation results into a larger body of theoretical and programme knowledge. Thus, using a theory-based stakeholder approach has both immediate benefits to the programme, as well as enhancing the usefulness of evaluation results on a broader level.

### **3.2.3 Stakeholder-Based Evaluation**

Formal theory-based evaluations take a deductive approach to formulating programme theory and mainly focus on economic analysis. By contrast, stakeholder-based evaluation theories mainly originate from stakeholders' ideas, observations, and experiences in working with clients and partners in a community. Stakeholder intervention theories are implicit and inductive in comparison with formal theories.

The efficiency of the intervention is used as the major criteria for valuing policy interventions or programmes in evidence-based formal evaluations. However, this

view is too narrow for judging the merits of an intervention since it does not sufficiently reflect stakeholders' views and concerns. An intervention that proves efficacious in an ideal and controlled setting will not necessarily be effective in practice and could be ineffective in the real world (Chen, 2010). As Chen (2010) states, the majority of evidence-based interventions lack practical evidence—we simply do not know how these interventions will work when ordinary community-based organisations attempt to organise, manage, and implement them, and whether such interventions can satisfactorily address real clients' problems in a real world setting.

The limits of traditional evaluation in explaining applications in the real world and its emphasis on economic analysis have resulted in a search for different evaluation models which are more responsive to stakeholders' interests, claims, and concerns. It created calls for more transparency and democracy in scientific research which involves more participative approaches in programme evaluation. Whereas the methodology of traditional evaluations is positivistic in the sense that it purports to be objective, neutral, and presenting the facts, democratic and constructivist forms of evaluation are characterised by the inclusion of stakeholders and emphasis on values and worldviews rather than on facts (Abma, 2004). Furthermore, some evaluation scientists such as Ernest House (1980) started thinking about involving stakeholders in evaluation as a way to serve social justice, giving voice to the disadvantaged and powerless. As a result, stakeholder involvement in evaluation has become a major topic in the field of programme evaluation since the 1970s. During this period, several theoretical approaches have been published: Stake's responsive evaluation (1975); democratic evaluation (House, 1980); utilisation-focused evaluation (Patton, 1978); participatory evaluation (Cousins and Earl, 1992); empowerment evaluation (Fetterman, 1994); and fourth-generation evaluation (Guba and Lincoln, 1989).

Stakeholder-based evaluation theory and practice are still evolving today. Furthermore, there is no consensus on its characteristics, and definitions. There are several specific stakeholder evaluation approaches, stakeholder terms and stakeholder analyses. In order to have a comprehensive and true understanding of stakeholder approaches to evaluation, the terms 'stakeholder analysis' and 'stakeholder' need to be clarified.

### **3.2.3.1 What is Stakeholder Analysis?**

Stakeholder analysis is a methodology used to understand and analyse the attitudes of stakeholders towards a policy or reform. Although stakeholder approaches have been used within business sciences since the beginning of the century (Clarkson, 1995), the widespread use of stakeholders in the field of politics is a relatively recent phenomenon. After Freeman published his book in 1984, several works have been published aiming to contribute theoretically in this area.

Earlier work by policy scientists who analysed the role of interest groups in decision-making processes and distribution of power helped stakeholder analysis theory to be formed. While a traditional shareholder view prioritises shareholders or stockholders as the owners of a company and argues that the firm has a duty to increase value for them first and foremost, stakeholder theory suggests that other parties should be involved to the process, including employees, customers, suppliers, governmental bodies, political groups, trade associations, trade unions, and even competitors (Donaldson and Preston, 1995).

The application of stakeholder theory in the public sector literature seems to be in accordance with the wave of NPM (Osborne and Gaebler, 1993). It was introduced into management theory primarily because economic analyses of effectiveness were incomplete and it was considered as an answer for dissatisfaction with financial criteria for effectiveness. Freeman (1984) suggested that an organisation's effectiveness is measured by its ability to satisfy not only the shareholders, but also those agents who have a stake in the organisation. Since it aims to bring business ideas to the public sector, stakeholder theory helps decision-makers to detect potential threats and opportunities in their management environment (Freeman, 1984).

According to the theory, policy actors and policy stakeholders are considered not only as interest groups but also as active or passive players on the policy scene who are also affected by the policy. In order to enable an organisation to check its environment for threats and opportunities, stakeholder theory focuses on the interrelations of groups and organisations and their impact on policy within a broader political, economic, and cultural context. According to Freeman (1994), the focus of stakeholder theory is articulated in two core questions. First, it asks,

what is the purpose of the firm? This encourages managers to articulate the shared sense of the value they create, and what brings the business' core stakeholders together. Second, stakeholder theory asks, what responsibility does management have to stakeholders? This pushes managers to articulate how they want to do business—specifically, what kinds of relationships they want and need to create with their stakeholders to deliver on their purpose (Freeman, 1994).

### **3.2.3.2 Who are the Stakeholders?**

Several authors have proposed a methodology for implementing stakeholder-based evaluation. However, the variety of approaches to stakeholder evaluation has increased confusion over what exactly the term 'stakeholder' denotes, which significantly broadens the concept's contents and applications. From the point of view of evaluation research, it is a central issue to recognise and analyse the qualities of each stakeholder and their significance in the evaluation process. Stakeholder-based evaluation can be a complex process since there are several definitions and approaches to the policy and even the term 'stakeholder' itself. While Freeman (1984, p.46) describes a stakeholder as any group or individual who can affect or is affected by the achievement of the organization's objectives, Bryson (1995, p.27) proposed a more comprehensive definition for the term as any person, group, or organization that can place a claim on an organization's attention, resources, or output or is affected by that output. Rossi, Freeman and Lipsey (2004, p.48) argue that every programme is a nexus in a set of political and social relationships among those with an association or interest in the programme, such as relevant policymakers, competing programmes, and advocacy groups.

Donald and Preston (1995, p.85) suggested that stakeholders are persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity. In other words, an entity must have a legitimate claim or stake in the organisation to be considered a stakeholder. Clarkson (1995) categorises them as primary and secondary stakeholders, and defines them as persons or groups that have, or claim, ownership, rights or interests in a corporation and its activities, past present or future. Guba and Lincoln (1981) identified three broad classes of stakeholders, each with some subtypes. The agents are those involved in producing, using and implementing the evaluand. The beneficiaries are those

who profit in some way from the use of the evaluand. The victims are those who are negatively affected by the use of the evaluand. Greene (2005, p.398) defines stakeholders as people who have a stake or a vested interest in the programme, policy, or products evaluated and therefore also have a stake in the evaluation.

In stakeholder-based evaluation, the term includes broadly all those individuals and groups who have any sort of interest in the outcome of a policy, programme or project under evaluation. It is generally accepted that stakeholders can be of any form, size and capacity. International actors, national or political actors, public sector agencies, interest groups, profit-making or non-profit organizations, civil society, members, and users/consumers are considered categories of stakeholder when a policy or programme evaluation is conducted. The range and size of stakeholders for analysis varies according to the complexity of the programme.

### **3.2.3.3 Implementing Stakeholder Analysis**

Bryson (1995) suggested the following checklist in order to implement an effective stakeholder analysis: a) identification of stakeholders; b) identification of how stakeholders influence the organisation; c) identification of what the organisation needs from each stakeholder; d) identification of the criteria used by the stakeholder in evaluating the organisation; and e) ranking the stakeholders in a rough order of importance.

However, before following these guidelines, for a useful stakeholder analysis, a specific policy or issue must be chosen as the focus. One of the basic criteria for evaluating a policy is that the policy should be specific and definable. Policymakers and managers should avoid conducting an analysis on a policy that is too general. It is important to ensure that specific interview questions and responses can be developed around the policy. Second, the policy should be key to current reform efforts and important enough to justify the resources. After a policy is chosen for the stakeholder analysis, its main ideas and concepts should be defined. During the process, those basic ideas will be explained to the stakeholders using simple definitions.

Identification and prioritisation of stakeholders are extremely important for an effective analysis. The choice of stakeholder and deciding how and when they will

be involved require a strategic approach. Mostly, it is suggested that people should be involved if they have information that cannot be gained otherwise. For categorisation of stakeholder identification, Freeman (1984) proposed a grid for mapping the stakeholders based on the categories of power and interest, claimant and influencer. In this model, one dimension relates to the diversity of interests that attracts an external agent to the organisation and makes it a stakeholder (Freeman, 1994). The other dimension relates to the power that some agents have to influence an organisation's behaviour and performance. He suggested three categories: namely, equity, economic, and influencer interest. On the power dimension, he proposed that there are external agents that have power over the organisation. He defined them into three categories: formal, economic, and political power. On the other hand, Mitchell et al. (1997, p.854) suggested a three-dimensional model with the following categories: the stakeholder's power to influence the firm; the legitimacy of the stakeholder's relationship with the firm; and the urgency of the stakeholder's claim on the firm. These two categorisations can be used for stakeholder mapping.

Moreover, while conducting stakeholder analysis, identifying the major attributes of stakeholders is important in order to achieve comprehensive analysis. These include the stakeholders' position on the reform issue, the level of power they hold, the level of interest they have in the specific reform, and the group to which they belong. Several methods can be employed to collect data on stakeholders in a comprehensive manner. Prior to the actual collection of data, a brief review of background literature and studies can provide a useful understanding of the policy environment. Another method of collecting data is to conduct interviews directly with the stakeholders involved in the specific policy area. Interviews with local experts in the field and the important groups and individuals involved in the policy area like citizens, trade unions or non-profit organisations may provide comprehensive data for efficient stakeholder analysis.

After data is gathered from interviews and other methods, information may be catalogued using different attributes: their interests, power, position, and group (Freeman, 1994). Interest measures to what degree they are likely to be affected by the policy and what degree of interest they have. Power measures the influence they have over the policy, their potential to help or block the policy. Stakeholders



with the highest power would be the decision-makers. To assess each stakeholder's power and influences on the policy process, several steps are taken by using different methods like mapping, matrices and grids.

The final step is to develop a strategy for how best to engage different stakeholders in a project and how to maintain a relationship with them. The information gathered from the stakeholder analysis can help the researcher and managers to understand how decisions are taken and how policies and reforms are developed and implemented. This enables them to manage future policy directions and implement and create strategies for managing different stakeholders for the success of policy or reform. It also enables the researcher to conduct analysis that enables understanding of how different stakeholders are likely to be affected by government actions.

#### **3.2.3.4 Benefits of Stakeholder-Based Evaluation**

It is generally acknowledged by evaluation experts that stakeholder involvement at different stages in the evaluation can help to achieve a holistic analysis and understanding of a programme. Because stakeholders understand the evaluation process better and are involved in the evaluation process, its findings are more likely to be used to improve performance. Furthermore, where multiple stakeholders are represented, the evaluation is more relevant, commitment to the evaluation is increased, and opportunities for using the evaluation are enhanced (Alkin et al., 1997).

Engaging stakeholders is also important for managers in deciding how they can ensure the policy or reform is realistic and sustainable. According to Crosby (1991, p.1), the purpose of stakeholder analysis is to indicate whose interests should be taken into account when making a decision, at the same time, the stakeholder analysis should indicate why those interests should be taken into account. Its purpose is to identify and categorise stakeholders, and to investigate relationships between them, their positions, and their interest in a reform or policy. By both using qualitative and quantitative data to determine whose interests should be considered in the first place, how decisions are taken can be understood in a particular context.

Moreover, a stakeholder-based evaluation model is a useful strategy to handle situations in which there are no written, premeditated goals or where the stated goals are unclear. The stakeholder model provides a practical solution to examine relevant issues by involving key players in evaluation design. It promotes participants' learning about the nature of the programme and enhances their understanding of the evaluation's purposes. Active participation of stakeholders can improve the method when there is insufficient information about individuals and groups and their issues to support an evaluation. Stakeholders can be asked to provide information and influence who should be included. As a result of this process, the researcher is able to decide the best ways of engaging with stakeholders at an appropriate level. In this respect, stakeholder analysis, along with the other tools, helps the policy or programme to succeed.

Stakeholder approaches to evaluation, with the help of stakeholder analysis, give policy makers and managers an opportunity to interact more effectively with key stakeholders. By providing useful and accurate information about organisations that have an interest in a reform, it helps policy makers to understand claims and concerns from stakeholders' points of view and to see what their expectations are. Stakeholder analysis also may help to provide input for other analyses; to inform the development of action plans to increase support for a reform policy; or to guide a participatory, consensus-building process.

Stakeholder participation in evaluation is encouraged by those with a commitment to social justice principles which allow silent voices to participate in programmes that affect their lives. Creating an effective environment which encourages stakeholders to participate is very important because it provides opportunities for individuals or groups to express their ideas and concerns over the reform. The involvement of multiple stakeholders reflects a democratic process where the diversity of values and interests in society are represented. Although those stakeholders may often be in conflict, with some favouring a programme and others opposed, such conflict should not be avoided. It is through the exploration of diverse opinions and values that an evaluator can become aware of the complexities of a programme and, in turn, stakeholders may be able to develop a better understanding of the values and opinions of others (Guba and Lincoln, 1989).

Some authors have argued that the pluralism of interests should be recognised during the evaluation (Stake, 1983; Guba and Lincoln, 1989; Fetterman, 1994). This approach is consistent with postmodernist definitions of power and vested interests. As Guba and Lincoln (1989) explain, constructivism denies the idea that there is an objective, scientifically verifiable reality for humans to discover. According to constructivists, rather, there are only alternative, subjective constructions of reality produced by different individuals. In other words, in contrast to positivism's assumption that reality can be discovered through the methods of natural science, constructivism claims that reality is invented by individuals and groups as a function of particular personal beliefs and historical, cultural, and social factors (Fishman, 1992). Therefore, constructivists deny an evaluator can stand outside what is being evaluated as a neutral observer. This means that information collected in the evaluation process is not an objective reflection of the world independent from its holder, but it is always constructed by the individual or the community itself. When this constructivist presumption is applied to stakeholder-based evaluation, it means that information received from stakeholders is constructed from individuals' thoughts, attitudes, and experiences, and the researcher can prioritise management's construction.

Stakeholder-based approaches take into account stakeholders' competing claims, concerns, and issues. Therefore, in the design and implementation of the process, the evaluator must be responsive to the perspectives of the other stakeholders. Guba and Lincoln (1989) describe responsive evaluation as the antithesis of preordinate evaluation, which assumes the evaluator and the client together possess sufficient information and legitimacy to design and implement an evaluation, without the need to consult other parties.

Despite these benefits, evaluations using theory-based and stakeholder approaches are still less common than more traditional outcomes-focused evaluations. Most authors argue that this type of evaluation method is time-consuming and very labour-intensive. Bickman (1989) suggests that theory-driven evaluations are almost always more expensive than less comprehensive approaches and indeed, a participatory, theory-based evaluation, can be quite expensive in terms of purchasing services from an evaluator.

Another concern about using stakeholder-based evaluation methods is that evaluators can become so connected to stakeholders that the evaluator's objectivity can be lost in the name of advocacy. It is argued that it is subjective because it is based on the evaluator's and stakeholders' observations and perspectives. In addition, stakeholders may be more interested in conflict than decision making, may have personal issues with other participants, may lack sufficient expertise, or may not have the time to commit to the process.

### **3.3 Conclusion**

This chapter summarises the concept of evaluation and how it is used to understand the effects of decentralisation on local service delivery and externalisation of the public services provided by Turkish local governments. In this study, two evaluation approaches are used to evaluate whether the goals of externalisation of local service policies and local government programmes have been reached: theory-based evaluation and stakeholder-based evaluation. Why does this study use these combined approaches?

First, evidence-based formal evaluation models emphasise economic analysis and accept the efficiency of the intervention as the major criterion for valuing policy interventions or programmes. This approach is too narrow for judging the merits of a policy and is not sufficient to explain how and why the policy has achieved its outcomes or failed to meet intended consequences. This is because the focus of evidence-based formal evaluation models is usually on the outcomes rather than the nature of the programme, its purposes and its design. In order to provide a clear understanding of the intervention process, this study uses the perceptions of stakeholders of the services and policies to focus on how the policies would achieve targeted outcomes, the intended purposes and the actual outcomes of the decentralisation and externalisation of local public services.

Secondly, theory-based stakeholder evaluation used in this study provides a clear understanding of the policy and process which represents a plausible and sensible model of how the policy is supposed to work. By involving key stakeholders in decentralisation and externalisation policies, the process involves identifying policy components and the expected outcomes of decentralisation and externalisation

policies of Turkish local governments and describing how these policy components will produce the desired outcomes. Therefore, this theory-driven approach helps to address why the decentralisation and externalisation worked or did not work by describing what happened during policy implementation in the context of Turkish local governments. Involving all key stakeholders of these policies at a local level helps not only to evaluate whether those policies are effective but also whether, why, or how the policies or their implementation caused intended or observed consequences.

Thirdly, theory-based stakeholder evaluation is appropriate for explaining the real-world settings that are the focus of this study because it reflects stakeholders' views and concerns sufficiently. The stakeholder-based approach used in this study takes into account stakeholders' competing claims, concerns, and issues by involving stakeholders in the evaluation process. This enables understanding of different perspectives as to what will be considered credible evidence of outcomes and impacts.

Fourthly, stakeholder involvement in this evaluation provides a very useful model to achieve a holistic analysis and understanding of Turkey's decentralisation reforms, which have formed a continuous, incrementally implemented process during recent decades, and of the policy of externalisation of local services in which there are not well perceived, premeditated or clearly stated goals. Therefore, it is important to understand stakeholders' explanation of these policies by collaborating with diverse stakeholder groups to find out what the policies comprise, how they were implemented, and why this approach was taken. The study first analyses whether there is a clear, well-perceived, and systematically-documented policy model of how decentralisation and externalisation of local services are supposed to work.

In sum, the study collected information from stakeholders to evaluate the decentralisation and externalisation policies of municipalities. I believe that theory-based stakeholder evaluation makes it possible to expand our understanding of externalisation policies at a broader level by looking at them from the standpoints of multiple stakeholders. The study takes into account all policy stakeholders, including decision makers, staff, and policy actors such as private and non-governmental organisations, and politicians. It tries to evaluate how and why the policies of

decentralisation and externalisation of local services in Turkey worked or didn't work and to explain intended and unintended consequences of the policies.

# **Chapter 4: The Design of the Research and Applied Methodology**

## **4.1 Introduction**

Research design is a plan that guides the investigator in the process of collecting, analysing, and interpreting research data. In other words, it deals with the issues related to the research question, the type of data to be collected, the strategy to collect it, and how to analyse the results. For Yin (2009, p.2), the appropriateness of a research strategy depends on three conditions: a) the type of research question, b) the extent of control the investigator has over behavioural events and c) the degree of focus on contemporary rather than historical events.

This chapter discusses the general study design, data collection and analysis activities used to generate the evidence for providing the answer to the research question. In order to explain the methodological approach, design, and procedures of the study, the chapter is structured under three major themes. Firstly, the choice of a case study design is explained. Then, data sources and data collection activities are described and the use of elite interviews and documentary sources is justified. In the following section, the analysis process of elite interviews and documentary sources is explained.

## **4.2 Case Study**

The use of case studies is a research approach that many scientists use to conduct qualitative or mixed method research, particularly in relation to certain types of research question. Yin (2009, p.18) defines the case study approach as an empirical inquiry that investigates a contemporary phenomenon within its real-life context, when the boundaries between phenomenon and context are not clearly evident, and in which multiple sources of evidence are used. While Eisenhardt (1989) describes the case study as a research methodology that focuses on understanding the dynamics presenting a management situation, Gerring (2004, p.341) defines the

case study as an intensive study of a single unit for the purpose of understanding a larger class of (similar) units. According to his definition, a unit connotes a spatially bounded phenomenon—for example, a nation-state, revolution, political party, election, or person—observed at a single point in time or over some delimited period of time. Bromley also (1990, p.302) defines it as a systematic inquiry into an event or a set of related events which aims to describe and explain the phenomenon of interest.

A case study has a distinct advantage when a 'how' or 'why' question is being asked about a contemporary set of events over which the investigator has little or no control (Yin, 2009, p.13). It is recognised as a useful tool in many social science studies and it has become more common. That is because researchers were becoming more concerned about the limitations of quantitative methods in providing holistic and in-depth explanations of social and behavioural issues. In contrast, case study methodology enables a researcher to closely examine the data within a specific context and allows the exploration and understanding of complex issues.

According to Gerring (2004, p.352), at least seven characteristic strengths and weaknesses must be considered when deciding to induct case studies. He argues that case studies are generally more useful: (1) when inferences are descriptive rather than causal; (2) when propositional depth is prized over breadth and boundedness; (3) when internal case comparability is given precedence over external case representativeness; (4) when insight into causal mechanisms is more important than insight into causal effects; (5) when the causal proposition at issue is invariant rather than probabilistic; (6) when the strategy of research is exploratory, rather than confirmatory; and (7) when useful variance is available for only a single unit or a small number of units.

According to Yin (2009, p.27), five components of a research design are central:

- A study's questions: "how", "why."
- Its propositions, if any: pointing attention, limiting scope, suggesting possible links between phenomena. Generally, every study has propositions that direct attention to something that should be analysed in the study. 'How' and 'why' questions capture what the researcher is interested in examining and they indicate the choice of case study as an appropriate methodology.



However, sometimes studies may not have any propositions when a topic is the subject of exploration.

- Its unit(s) of analysis: main units must be at the same level as the study questions and typically comparable to those previously studied.
- The logic linking the data to the propositions: matching pieces of information to rival patterns that can be derived from the propositions.
- The criteria for interpreting the findings: iteration between propositions and data, matching sufficiently contrasting rival patterns to data; there is no precise way of setting the criteria.

Considering all the theoretical perspectives and methodological issues related to the design of the research process, and constraints on research strategy, the researcher considered it appropriate that a case study would provide a rich methodology to evaluate policies of decentralisation and externalisation of local services in Turkey. Case studies can take policies, decisions, programmes, implementation processes, or organisational change as their focus. As this study asks 'how' and 'why' questions to evaluate decentralisation and externalisation policies of municipalities in a single metropolitan area from the different standpoint of stakeholders, a case study strategy enables the researcher to gain an understanding of the context within which municipalities, central government institutions, NGOs, citizens, and political and business actors are interacting. Studying a single metropolitan province offers an opportunity to improve understanding of the complexity involved in metropolitan areas regarding local service delivery models and decentralisation reforms. It has been proposed that externalisation and decentralisation is a context-specific phenomenon; therefore, a case study strategy provides an in-depth analysis of how contextual variables play a significant role in local governments' service delivery performance and the outcomes of decentralisation reforms.

#### **4.2.1 Categories of Case Study**

Determining what type of case study will be conducted is the next stage after the determination of research question and the overall approach. Yin (2009) uses different terms to describe types of case study design. He describes case studies as explanatory, exploratory, or descriptive, and categorises them as single, multiple, holistic and embedded case studies. In exploratory case studies, the data which

serves as a point of interest to the researcher is explored; descriptive case studies are conducted to describe the data as they occur; and explanatory case studies examine the data deeply for the purpose of analysis. Yin (2009) states that researchers should not attempt to separate these categories or conceive them as a hierarchy. Stake (1995) emphasised that the number and type of case studies depends upon the purpose of the inquiry: an instrumental case study is used to provide insight into an issue; an intrinsic case study is undertaken to gain a deeper understanding of the case; and a collective case study is the study of a number of cases in order to inquire into a particular phenomenon. Stake recognises that there are many other types of case studies based on their specific purpose, such as a teaching case study or a biography. Guba and Lincoln (1981) also describe three case study types as factual, interpretative, and evaluative, stating that each case study should focus on a specific purpose.

Researchers can adopt either a single case or multiple case design depending on the issue in question (Yin, 2009). In situations where there are no other cases available for replication, the researcher can adopt a single case design. The single case may focus on or employ a single unit of analysis or multiple units of analysis. For Yin (2009, pp.47-50), single case is applicable where the case represents a critical case in testing a well-formulated theory, an extreme or unique case, a representative or typical case, a revelatory case, or a longitudinal case. Single case designs are vulnerable if only because you will put all your eggs in one basket (Yin, 2009, p.61). Therefore, a single case design can be ineffective to provide a generalisation, especially when the event is rare.

If a research study involves more than a single case then a multiple case study is required. Feigin, Orum and Sjoberg (1991) state that irrespective of the purpose, unit of analysis, or design, rigour is a central concern. They suggest that, while proponents of multiple case studies may argue for replication, using more than one case may dilute the importance and meaning of the single case. Therefore, researchers must carefully consider if it is prudent to conduct a single case study or if a better understanding of the phenomenon will be gained through conducting a multiple case study (Yin, 2009). According to Yin (2009), by replicating the case through pattern-matching, multiple case design enhances and supports the previous results. The analytical benefits of having two cases may result in a more comprehensive and efficient study.

Another distinction can be made based on the unit of analysis. A more complex or embedded design can be developed when attention is also given to a subunit or subunits in a single case, given the fact that there are incorporated subunits of analysis within the single case (Yin, 2009, p.50). The subunits can often add significant opportunities for extensive analysis enhancing the insights in a single case. This is called an embedded case study design. In an organisational study, the embedded units might also be process units such as meetings, roles, or locations. If the case study examined only the global nature of an organisation or a programme, a holistic design should be used in contrast to an embedded case study design, in which a public programme that involves several projects is examined (Yin, 2009).

Both variations of single case studies have different strengths and weaknesses. Holistic designs have advantages when no logical subunits can be identified and when the relevant theory underlying the case study is itself holistic in nature. A problem with holistic design is that the entire case study may be conducted at an abstract level, lacking any clear measurement or data (Yin, 2009). On the other hand, if too much attention is given to subunits and holistic aspects of case begin to be ignored, the orientation of the case study itself may be shifted. If data fails to return to larger units and focuses only on individuals, the study will become something else.

Finally, case studies are used extensively in evaluation research. For Yin (2009), there are at least five different applications: a) the most important is to explain the casual links in real life interventions that are too complex for survey or experimental strategies; b) to describe an intervention in the real-life context in which it occurred; c) to illustrate certain topics within an evaluation through adopting a descriptive mode; d) to explore situations in which the intervention being evaluated has no clear, single set of outcomes; and e) to provide a meta-evaluation- a study of an evaluation study.

In the light of these methodological perspectives, this research is an embedded single case study which aims to evaluate the externalisation of local services and decentralisation reforms in Manisa Greater City Municipality. It aims to explore and explain how externalisation of local services works in a single metropolitan area which involves 17 district municipalities and a Greater City Municipality, and how

recent decentralisation reform influenced local service delivery within. In order to evaluate the advantages and disadvantages of alternative service delivery models and intended and unintended consequences of the recent decentralisation reforms, the study used stakeholders' perceptions and views. While the main unit is the organisation as a whole - Manisa Greater City Municipality - the smallest unit is a district municipality, and there are other several important intermediary units. The level of analysis is not only local government, but also other state institutions, NGOs, their institutional environment, and the different players within this environment. Considerable attention should therefore be given to the entire system involved in the provision of services. Therefore, the focus is not only on stakeholders' perceptions but also on locating actors in the context within which they are acting. An embedded single case study provided significant opportunities for extensive analysis and it enhanced insights into Turkey's local government reforms.

## **4.3 Data Collection**

### **4.3.1 Qualitative Methodology**

Qualitative research involves a broad family of methods and is often used in large-scale, rigorous, and formal programme evaluations. Therefore, a particular strength of qualitative research is the variety of data sources that can be used, including face-to-face interviews, phone interviews, focus groups, videos, observation, diaries, or historical documents (Corbin and Straus, 2008). It has been defined as the process of “making sense” of data gathered from interviews, on-site observations, documents, and so on, then “responsibly presenting what the data reveal” (Caudle, 2004, p. 417). Case studies can be conducted using either qualitative or quantitative evidence and do not require the use of a particular type of evidence (Eisenhardt, 1989). According to Yin (2009, p.11), the case study's unique strength is its ability to deal with a full variety of evidence—documents, artefacts, interviews, and observations. Sources of evidence may include documentation, archival records, interviews, direct and/or participant observations, and physical artefacts.

Using a conceptual framework derived from theories of evaluation in public administration, most of the research questions that are going to be addressed in this study are answered with the help of qualitative methods. The focus of qualitative

methodology is on detailed explanations that are often based on historical context, personal reflections from participants in political institutions, events, and processes. Therefore, qualitative methodology is the most suitable option for this study because the aim of this study is to evaluate the failures and successes of municipalities' externalisation policies and decentralisation reforms by looking at stakeholders' points of view.

Triangulation reduces the potential systematic bias that can occur with using only one data source, method, or procedure (Maxwell, 2008). Triangulation can be done through the use of multiple data sources, multiple methods of data collection, and multiple data. The credibility of the research is related to the use of multiple data sources. Any case study is likely to be more convincing if it uses several different information resources. A triangulation strategy for data collection provides not only a holistic picture of the social phenomenon but also increases construct validity, as multiple sources of evidence provide multiple measures of the same phenomenon. Generally, the research methods used in qualitative methodology are unstructured or semi-structured interviews, focus group discussions, textual/documentary analysis, and content analysis. This study triangulates methods and sources from primary and secondary data collection: interviews and documentary analysis.

The interviewer's main aim is to generate data which provide deep insight into people's experiences. According to Guba and Lincoln (1985), interviews can be classified as structured or unstructured based on their degree of structure. In semi-structured interviews the interviewer generally has a list of questions and discussion prompts, but the order in which they are asked can vary in each interview. The interviewer has a focus but is also afforded flexibility (Bamberger et al, 2006); the interviewer may ask additional questions and probe beyond the questions on their lists (Berg, 1998). In order to generate primary evidence, the researcher preferred a semi-structured approach as it offered sufficient structure while at the same time being flexible and more adaptable to investigate the phenomenon under study.

The researcher conducted 61 interviews with diverse stakeholders who are involved in the policy arena such as mayors, governors, central and local government officials, citizen representatives, labour unions, trade unions, non-profit organisations, and private company representatives. These provided in-depth insights related to their experiences, perceptions, and understanding of

externalisation policies and decentralisation reforms and their effects on the service delivery performance of the local governments in the province. Purposive sampling is often used in qualitative methodology because the focus is more on understanding than it is on generalisability (Creswell, 2007). Quota sampling is one technique that can lessen the effects of sampling bias (Bamberger et al., 2006). Therefore, this research has adopted a purposive sampling approach to have an information-rich sample to achieve the objects of the study. Key stakeholders are selected on the bases of the researcher's judgement that they can provide an understanding of the key themes of the research. First, stakeholders from different local governments within the province, including from the centre and different districts, rural and urban areas, small and big municipalities were deliberately selected for the study in order to grasp the impact of variations in terms of social diversity, economic development indicators, political orientation, geography, and population. This representative sampling enabled the study to present not only the similarities but also the differences in outcomes of local governments' service delivery policies and decentralisation reforms. Second, the researcher purposively sampled key stakeholders from senior levels to lower management levels of local authorities to understand the institutional context of municipalities and service delivery organisations. Mayors and other political representatives were also sampled from different political parties to understand to what extent political orientation makes a difference in stakeholders' views while evaluating the service delivery policies of municipalities and decentralisation reforms. The same purposive sampling was also applied to other stakeholders and institutions based on their interaction and collaboration with municipalities, such as NGOs, citizens' associations and labour unions, in order to enhance the credibility, objectivity and the trustworthiness of the research.

Empirical data gathered from interviews is supported by secondary data such as municipal reports, official statistics and reports, local newspapers, available literature dealing with local government reforms in Turkey, research reports, journal articles, other empirical studies, and some surveys done by several agencies including NGOs, universities and government agencies.

In sum, the researcher in this study employed the use of multiple and different sources (including different managerial levels of local governments and central government institutions, local politicians, NGO representatives, labour unions,

business and commerce organisations, and community representatives) and triangulation of methods (interviews and document analysis) to improve the trustworthiness of the research and to develop a synthesis of perspectives from different data sources.

#### **4.3.2 Study Area**

In order to achieve the research objectives, a qualitative, fieldwork-based case study is conducted in a single metropolitan area. Manisa Greater Municipality is selected as the case study as Manisa was among the provinces where a Greater City Municipality was established with the Municipal Law No. 6360 in 2014. Encompassing small and rural district municipalities as well as large and urban district municipalities in highly industrialised areas, it provides a suitable local service delivery setting to study in order to reach credible findings about Turkey's experience in terms of decentralisation reforms and local government service delivery models. Secondly, as becoming a Greater City Municipality brought a significant transformation of local governments' responsibilities and duties and expansion of municipalities' jurisdiction areas, choosing a recently-established Greater City Municipality as a case study provides another advantage in analysing how externalisation policies work with decentralisation reforms, what the real motives behind those policies are, and whether decentralisation reforms have generated any differences in local government service delivery models. Thirdly, with a population of 1,346,162, Manisa provides an optimal territorial and population size because it is neither too small, preventing the research from having credibility and the transferability, nor too large to deal with because of time and travel constraints and possible obstructions in reaching people and data at such huge institutions.

Fourthly, Manisa province has also a long local government history: before the law was enacted, it was ranked 5th among 81 provinces for the number of municipalities within. Therefore, it represents a fruitful sample to analyse Turkey's local government system within an institutional context in which traditions, beliefs and histories play a part. Fifthly, having the second biggest organised industrial state in the region, it is one of the most important trade and industry centres in the western part of Turkey. The presence of a powerful business sector, plenitude of private sector companies in open market competition and collaboration between the public and private sectors mean that Manisa represents a suitable policy environment for

evaluating externalisation policies of local government in many aspects. Finally, as Manisa is the researcher's hometown, this brought many advantages to the researcher in having good contacts in both local governments and other public and private entities. Moreover, as the researcher had prior knowledge about the characteristics of Manisa Province, it provided him with a good comprehension of what the interactions between local policy actors are, and how the local policy networks work. The researcher utilised these advantages by receiving help and support during his fieldwork in a relatively short amount of time. For these reasons, the researcher believes that Manisa province as a case provided comprehensive and realistic data for evaluating the externalisation of local services in the context of recent decentralisation policies.

#### **4.3.3 Before the Fieldwork**

Prior to the fieldwork, the researcher conducted an extensive literature search about externalisation and decentralisation and collected data relating to local governments in Turkey, particularly Manisa Province. The researcher collected a range of policy documents issued by the Ministry of Interior and other relevant state institutions. In addition, policy documents and statistical data about their performances are collected from municipalities' published reports, the Union of Municipalities of Turkey and the Turkish Statistical Institute. Finally, a range of documents was collected from selected organisations regarding their organisational restructuring, performance data, and their collaboration with local government.

#### **4.3.4 The Fieldwork**

The fieldwork for this study was carried out in two rounds in Manisa Province, within the jurisdiction area of Manisa Greater City Municipality. During the first round between 23rd June and 30th August 2015, the researcher conducted 47 interviews with diverse stakeholders who are involved in the policy area: mayors, governors, senior bureaucrats of the Greater City Municipality, heads of departments of municipalities and their corporations, members of staff, the presidents of labour unions and non-profit organisations such as business and citizen associations, city councils, and chambers of commerce, private contractors, members of municipality councils, headmen of neighbourhoods and villages, and local politicians. During this period, the researcher also collected primary and secondary resources from municipalities and other public institutions. As the decentralisation reform took place



in 2014 and organisational restructuring processes were still going on in some aspects, the researcher conducted a second round of fieldwork one year later, between 3th May and 17th May 2016, in order to reach more credible evidence regarding how the reform was working during a two year period. The researcher conducted 14 interviews during the second round of fieldwork.

Before starting the research, the researcher contacted Manisa Greater City Municipality by phone to get the necessary consent of the Mayor for the study to proceed. After receiving the verbal consent of the Mayor, the researcher applied to the Manisa Greater City Municipality with a petition attaching the participant information sheet of the study. The researcher visited personally the mayors and the heads of other institutions immediately before starting this study to inform them regarding the research and to seek their consent. After getting their consent, the researcher asked them to inform their relevant departments and subordinates with official papers attaching the participant information sheet of the study. The researcher believes that the credibility and the trustworthiness of the researcher's profession made it possible to get their consent without facing major problems.

Before beginning interviews, the researcher assured respondents that these interviews were part of his PhD dissertation and that confidentiality would be maintained. The researcher also introduced himself to participants and explained the content and aims of the study so as to enable voluntarily participation to the elite interviews. The participant information sheet of the study was given to the participant. Once the participant was familiar with the study, the personal consent form was read and signed by the participant.

The semi-structured interviews helped the researcher to achieve flexibility and investigate the topic of study effectively. Initial questions were of a general type, such as asking respondents some background information in order to establish a connection and to help ease the tension during the conversation. At this time the researcher assured respondents that their confidentiality would be maintained and sought their permission to record the interviews. If they considered anything uncomfortable, the researcher ensured the recording would be stopped. The interview was closed by summarising the key points, asking for further suggestions, and voicing appreciation for their help and time for the research. The researcher also sought their permission for a follow-up interview in case further clarification was

needed before the closure of the interview. The researcher gave his contact details, including his email, so that participants would be able to withdraw consent subsequently to the interview by contacting the researcher in writing or by email. The participants were also informed that if the participant then chooses to withdraw, the audio recording will be destroyed.

Most of the interviews were recorded with an audio recording device to minimise information loss; however, a few respondents refused to be tape-recorded. In those cases, notes were taken during the interview and transcribed immediately after the interview. The names of the participants are kept confidential. I will cite the passages from the interviews by naming the participants with their status, function, and occupation. Participants with the same status, function, and occupation will be assigned a number to differentiate between them. For ethical reasons, anonymity of respondents has been vigilantly ensured throughout the course of this research.

#### **4.3.5 Constraints Encountered During the Fieldwork**

Because of the nature of the study, that was intended to evaluate service delivery models in local governments and decentralisation reforms, the researcher sometimes encountered a problem of falsification of information, especially from those in charge of delivering services. Some of the public servants were tempted to do so for fear of the consequences of accurate information being disclosed and had some concerns about expressing their ideas clearly about central and local policies. However, the researcher assured all the respondents that of a high level of confidentiality would be exercised. The researcher informed all participants regarding the content, ethical standards, anonymity, confidentiality, and data security of the study verbally and also with participant information sheets before beginning the research with the purpose of enabling voluntarily participation and relieving participants' concerns. The researcher reminded the participants of their choice to be withdrawn from the study in any stage of the research and that a remark could be treated as 'off the record.' This assurance worked effectively to convince such respondents to reveal the necessary information.

Secondly, although the majority of the respondents responded to all the questions quite openly and elaborately, relevant interview questions needed to be handled carefully for some sensitive themes such as corruption, clientelism and politicisation. Instead of posing direct questions to respondents which made them uncomfortable,

the researcher always tried to break the ice by asking the interviewee's views on the same issues in other parts of the country or other municipalities.

The researcher believes that his profession provided great advantages to overcome constraints he faced during his fieldwork with the help of the trustworthiness and the credibility of his profession. As he has been working as a district governor for 15 years, his profession provided significant experience in local government and local service delivery as well as the territorial structure of Turkey and the relationship between local actors as an insider. It is usually difficult to discuss such issues with interviewees if the researcher is an outsider. In this sense, the researcher benefited from the advantages which his profession provided in getting access to respondents, convincing them to join the study and gathering relevant data, as the respondents have seen the researcher as an insider of local governments and the public administration system. Personal contacts with mayors, officials and other district governors in the province were also a major help to the researcher.

#### **4.4 Qualitative Data Analysis**

The analysis of a case study is considered by many authors to be the most difficult aspect of doing case study research. Eisenhardt (1989) states that analysing data is the heart of building theory from case studies, but it is both the most difficult and the least codified part of the process. Yin (2009) proposed four strategies for good social science analysis: relying on theoretical propositions, developing a case description, using both qualitative and quantitative data, and examining rival explanations. He further briefly describes five techniques for analysis: pattern matching, linking data to propositions, explanation building, time-series analysis, logic models, and cross-case synthesis (Yin, 2009). For a high-quality analysis, a study must show all the evidence and all major rival interpretations.

The data analysis process consisted of three main stages: data preparation, data management and data analysis. During the data preparation stage, the researcher listened to the audio tapes, transcribed them into English, and read field notes to identify recurrent themes, issues and concepts. The data management stage involved a thematic framework which aimed to reduce data to meaningful categories and identify relationships between categories. Qualitative findings are generated

through an inductive process which moves from detailed information to general themes (Bamberger et al., 2006). This process involved: viewing the data several times as a whole; identifying patterns and themes (for example, finding common statements or ideas that appear repeatedly) and reorganising the data (for example, coding the data according to the themes identified). Conducting indexing provided a mechanism for organising data into manageable units. Qualitative data analysis software, NVivo, was used to analyse the qualitative data. With this software, the researcher brought together all the transcripts, created coding strategies, and memos generated during the research process. The main coding strategy adopted was thematic coding. This entire process helped to improve the rigour of the data analysis.

## **4.5 Conclusion**

This chapter has outlined the research methodology of the study. It has discussed how the design of this research was shaped and which methods were used by the researcher. As the main aim of the study is to evaluate externalisation policies of local governments and decentralisation reforms by examining stakeholders' views in a single metropolitan area, a case study is the most suitable option to conduct an in-depth examination of such a complex and comprehensive topic. This research is an embedded single case study which aims to explore and explain how the externalisation of local services works in a single metropolitan area which involves 17 district municipalities and a Greater City Municipality and how recent decentralisation reforms influenced local service delivery within this setting.

This study also triangulates methods and sources of primary and secondary data collection – that is, interviews and documentary analysis respectively. This study employed the use of semi-structured interviews with key actors and stakeholders in the field. Key stakeholders were selected on the basis of the researcher's judgement that they could provide a valuable perspective in relation to the key themes of the research. Therefore, this research has adopted a purposive sampling approach to generate an information-rich sample to achieve the objects of the study. Empirical data gathered from interviews is backed by secondary data such as municipal reports, official statistics and reports, local newspapers, available literature dealing with local government reforms in Turkey, research reports, journal articles, other

empirical studies, and surveys done by several agencies including NGOs, universities and government agencies. The research strategy, design and methodological approaches selected and applied are appropriate to achieving the original goals of the study.



## **Chapter 5: Externalisation of Municipal Services in Turkey**

### **5.1 Introduction**

In recent decades, governments have deployed NPM methods to improve public services. The debate around privatisation has shifted from the sale of public enterprises to a broader consideration of private sector organisations involved in the delivery of public services. In accordance with this movement, local governments, in order to improve effectiveness in service delivery, have begun to use market mechanisms and alternative service delivery methods in some services. As Turkey has been subject to NPM ideas for decades, governments have implemented administrative reforms to improve public service delivery, along with strengthening financial and organizational capacities of local governments. Decentralisation reforms brought fundamental changes in the structure of urban service delivery with the expansion of their tasks, while creating more opportunities for local governments to collaborate with the private sector in providing local services. Municipal services started becoming subject to marketisation and the externalisation of public services became increasingly common practice in Turkey.

In Turkish public administration, externalisation is now encouraged both legislatively and practically. The municipalities can choose the most appropriate methods of providing local services such as privatisation, outsourcing, contracting the provision of public services to public agencies or private firms, setting up establishments and corporations under private law within an area of activity, granting concessions, volunteer work, build-operate-transfer, public-private partnership or mixed strategies. Practically now all municipal services can be externalised in one form or another.

This chapter is organised under the headings of externalisation of local services in Turkey. The first section of the chapter demonstrates how local governments and service delivery models have been transformed under neoliberal ideas over the last decades. It also explains to what extent central government policies encouraged

local governments to externalise their services and how NPM practices have been applied in local service delivery. As it highlights Turkey's experience of marketisation of local services, it will provide an insight into NPM driven local government policies and reforms in Turkey. This section will also examine to what extent political party politics and ideology shape the externalisation policies in Turkish local governments.

In the second section, the stakeholders' evaluation of the externalisation of local services in Manisa province will be presented. Evaluation of the policy making process and the participation level of stakeholders to municipal decisions will make a significant contribution to understanding the unintended consequences of externalisation. Finally, this section will also provide an overview of commonly applied externalisation methods in the province, while presenting the different points of view of stakeholders regarding why local governments choose to externalise their services.

## **5.2 The Policy**

### **5.2.1 Neoliberalism As A Driver**

Because historically Turkey has a strong centralist state tradition, providing local public services was seen as another part of central government's responsibilities. Local governments were under strong administrative tutelage and excessive financial controls until the worldwide economic crisis of the 1970s. With the rise of Neoliberal values and practices in Turkey during 1980's, NPM strategies were considered and implemented in an effort not only to deal with fiscal stress and budget cuts, but also to meet increasing needs and to improve quality and efficiency in the provision of public services. The Motherland Party (ANAP) which delivered liberal economic promises and messages came to power in 1983 and initiated the liberalisation process. Privatisation policies have been one essential component of managerial reforms during this period. Indeed, Turkey has initiated privatisation programmes in the middle of the 1980s and accelerated her efforts in the 2000s.

Another central component of NPM inspired reforms during this period was the transformation of Turkish local governments. The local governments were considered instruments to reduce the financial burden and responsibilities of the central government. Even during the power of the military administration, some local



government regulations empowered the financial resources of municipalities. Furthermore, in 1984, "Greater City Municipality" status was introduced in Ankara, Istanbul and Izmir provinces under Law No. 3030. It was a response to the problems of rapidly growing Turkish cities which became hard to govern by a single municipal body. Establishing a new municipal structure with more power and coordinating public services under its jurisdiction area marked an important step for having more decentralised and independent local governments as well as providing significant incentives and various instruments for local service delivery. A participant summarised the period:

*"We experienced an era in which public enterprises created a burden on the state because of their overstaffed structure caused by politicians' interventions in Turkey. After the 1980s under neoliberal ideas, local governments also started to extensively apply privatisation and externalisation models in parallel with the government's plans, with the aim of abandoning the space to private sector and minimising the state." (District Mayor 1)*

The second prominent neo-liberal aspect of the municipal transformation was the externalisation of some municipal services. The establishment of GCMs in major cities in 1984 created the legal and administrative background for improving and diversifying alternative service delivery models for municipalities. Law No: 3030 had a causative language when explaining how the municipal services could be delivered, such as "do-make", "built and operate," "privilege," "permit or license," "rent". It can be considered an indication of encouragement for municipalities to externalise their services to external providers. Since the 1980s, the legal regulations on municipalities and GCMs has provided the general legal framework for local governments to grant franchise, to set up public, semi-public and private companies, and to engage in marketisation or externalisation of municipal services in Turkey. Two of the respondents share the general opinion of the participants by arguing that legal frameworks clearly show that the central governments have encouraged the local governments to use alternative delivery methods:

*"There is a supported background policy behind those policies. Municipalities can be considered as an employer. The central governments support this system and remove the boundaries for externalisation policies. The law gives municipalities permission to externalise almost every local service, but does*

*not set restrictions on it. On the other hand, it sets some restrictions on some applications that are conflicting with workers' interest. It is a continuation of the neoliberal policies which started in the 1980s with Özal. Nothing changes under the rule of any political party from left or right. There have been always some arrangements in favour of the system.” (Union Representative 1)*

*“When you look at the sections of the duties and responsibilities of the municipalities in both Law No 5393 in 2005 and Law No 5216 in 2004, it is mentioned in several articles that municipalities can carry out local services or have them carried out by using several externalisation methods. It clearly means that municipalities can deliver local services with external providers.” (Senior Municipal Bureaucrat of the MGCM 1)*

### **5.2.2 The Policy Agenda**

In order to analyse to what extent political party policies affect the service delivery choices of municipalities, it should be assessed whether there are clear policies of political parties and if so, how these policies are implemented by municipalities in practice. As presented above, decentralisation and externalisation of local services are seen as the part of neoliberal agenda which was initiated during the rule of the ANAP in the 1980's. Some respondents argued that decentralisation efforts and the externalisation of municipal services have gained momentum in the 2000s. It is evident that as further efforts to transform local governments, AKP governments initiated a reform agenda after coming to power in 2002, proposing that the centralized bureaucratic structure is far from being responsive to the needs of the citizens and that strengthening local governments is a key priority within the agenda. In this context, during the period of 2005-2007, the former laws regulating local governments were totally changed and the scope of the externalisation of the local services, duties, responsibilities, and powers of local governments was expanded with the publication of the Law No. 5302 on Special Provincial Administration, the Law No. 5393 on Municipalities, the Law No. 5216 on Greater City Municipalities and the Law No. 5355 on Local Government Unions. Moreover, the municipalities were bound by the provisions of the Public Procurement Law No. 2886 and the Public Financial Management and Control Law No. 5018 in their operations.

This argument is shared by some participants including local politicians stating that although the privatisation and decentralisation reforms have been supported by governments since 1980s, it seems reasonable to argue that the legal reforms made in 2004/05 pushed local government management further in a direction which involves extensive application of NPM principles and techniques. For example, a member of the MGCM Council stated that: *“those privatisation policies are central government policies. Our government is in favour of privatisation to get rid of the slow and bulky structure of the state.”*

Although, there have been local government reforms aimed to improve public services during the last decade through decentralisation and externalisation, whether the logic and the agenda behind those reforms is well formulated and to what extent the policy agenda is perceived clearly by public are still debatable topics. Some participants indicate that even if there is a concrete policy or ideology behind those reforms, it is not perceived as a government or political party project which aims to transform the local service delivery models under the neoliberal ideas. This was indicated and summarised by some of the respondents:

*“Although there are some legal regulations which shape the externalisation policies of municipalities, there is no recommended, encouraged or bounding policy imposed by the central government. All they did was to give local governments permission to use externalisation methods. Each mayor chooses between service delivery models according to the nature of the service, productivity and cost concerns and the financial situation of the municipality.”*  
(District Mayor 2)

*“I don't think there is a clearly defined policy from the centre. The only thing is that lawmakers prepared the bills and they gave permission to externalise. If some problems occur during the implementation, they fix the problems by making new legal arrangements. There is Public Procurement Law but there is no special law on municipal tendering or externalisation policies. It is not systematic, organised and clear.”* (Head of Department of the MGCM 1)

*“There is no clear and supported central policy for local services. There has to be a local government ministry to establish these principles, define clear policies and aims, and direct local governments. There has to be a*

*standardisation of policies and methods in some services.” (Head of Department of the MGCM 3)*

Therefore, it can be concluded that legal regulations which allow municipalities to externalise their services are perceived as part of Turkey’s effort to modernise public administration and local governments which has taken place continuously since the 1980s. In this sense, it is suggested that recent decentralisation reforms and extensive use of externalisation in municipal services have some incremental elements, which involve a process of learning from previous experience. Perhaps the best examples for these arguments are Kocaeli and Istanbul Greater City Municipalities which were taken as a model by the government for recent metropolitan municipality reform brought with Law No 6360. In summary, it is widely accepted that the success of Istanbul and other Greater Cities in delivering services efficiently and in using externalisation methods, gave way to further reforms which aimed to expand their applications to other local governments. Many participants share this opinion. As an example, a member of the MGCM Council asserts that the government has been transferring the good experiences of these GCMs to other parts of country and the Istanbul model is the model behind the reform. A district mayor makes the following points in support of this argument:

*“The logic behind these policies is decentralisation. Problems should be defined and solved locally. Kocaeli and Istanbul were successful examples of decentralisation reforms and service delivery models. You can see the intention of applying their practices to other provinces in recent Greater City Municipality Reform.” (District Mayor 3)*

Secondly, in terms of how political party policies influence municipalities’ decisions, two aspects come to the fore: First, municipalities usually follow and try to stay in line with their political party policies. Second, they can be pragmatic when conditions require them to do so, as there are no strict policies imposed by political parties in terms of service delivery models. A vice mayor summarises the effects of party politics on a municipality’s policies and explains how municipalities follow the examples of other municipalities’ practices in their policy implementations:

*“We take other municipalities which are from the same political party as examples and central government policies are also shaping our policy making*

*process. Other political parties can choose different models in theory, because local governments have significant flexibility.” (Vice Mayor 1)*

On the other hand, other participants gave other examples which showed that political party policies might not always affect the externalisation policies of a municipality. They argued that local governments can choose different service delivery models regardless of their political party policies. As an example, a participant stated that:

*“Local governments are autonomous organisations. It is in the jurisdiction of mayors and municipalities alone to make or buy. It is all about the mayor’s decision, the mayor’s political approach and his will. It is not the decision of mayor’s political party. Another municipality from the same party may choose a different model.” (Head of Department of the MGCM 2)*

In summary, as presented above, it can be concluded that within the legal and regulatory framework established in Turkey, municipalities have been practically encouraged to apply NPM inspired financial and technical instruments.

### **5.3 Decision Making Process**

Participants marked the fact that externalisation decisions are mainly taken by mayors, depending on their personal experience, political orientation and personal view of administration. As Turkey has a strong mayor model applied in the local government administration structure, it can be concluded that mayors are the first decision makers when deciding the service delivery models. Some respondents emphasised the role of the mayor as a dominant actor in the policy making process, underestimating the importance of other administrative bodies such as municipal council, executive committee and other local actors. As two participants argue that:

*“The mayor is the main mechanism of the municipality; he is the brain and top manager. If he decides to externalise the garbage management, the possibility of his success is 70 percent. The remaining 30 percent is from the pressure of the bureaucrats and the political effects from outside factors.” (District Municipality Officer 1)*

*“The first decision maker to externalise municipal services is the mayor. If he decides to externalise a municipal service, nothing can prevent him from doing so. Based on my 20-year experience as a neighbourhood headman, it is the mayor who usually decides whether services will be delivered in house or externalised.” (Neighbourhood Headman 1)*

On the other hand, some participants preferred to use the term of ‘the Mayor’s team’ when explaining who shapes the externalisation policies of the municipality and chooses between different service delivery models. The term usually refers to a high level managerial group which consists of senior bureaucrats of the municipality and people in the mayors’ political circle. The following two statements explain this in greater detail as follows:

*“The mayor and his team decide which policies will be implemented. The team comprises the vice mayors, heads of departments, general secretary and other important persons. It is same for every municipality; rural or urban, big or small.” (Member of the MGCM Council 1)*

*“On the night of the election, one political party loses, another party wins the municipality. The decision makers are elected and received the support of a political party during the election campaign, so, they are not completely free in their decisions. There are members of the mayor’s political party in the municipal council, there is the local branch of political party that supported you; there are other experienced and politically strong figures in the city etc. When mayors take decisions, especially regarding municipal employment, they have to take into consideration the possible reactions of their political circle.” (A Local Politician)*

However, some bureaucrats from several municipalities, as a part of the “mayor’s team”, complained about the fact that their influence on the mayors’ decisions is limited and overestimated by people from the outside, who have little knowledge about how it actually works. Two participants summarise this argument:

*“We have to be granted the mayor’s permission about the methods we choose or services we buy. He decides everything. It is same for every municipality in Turkey. I have to admit that we cannot change a decision which has already been taken.” (District Municipality Officer 2)*

*“Final decisions are taken by the mayor. Even in some cases in which a council approval is required, it is almost certain that he can persuade the municipal council. The chance of success is even more, almost hundred percent, if he is from the same political party which holds the majority of the council. The mayor decides the local services to be delivered and the methods to be applied; bureaucrats simply implement them.” (District Municipality Officer 3)*

In addition, some participants, while approving mayors' positions as the determinant factor, argue that there are other local actors participating in the decision making process, which dilutes mayors' power. A municipal council seems to be considered the most effective mechanism to restrict the freedom of mayors, because mayors need to gain a prior approval of municipal councils to implement their service policies in many cases. However, respondents confirmed that the power of municipal council should not be overrated, as municipal council can only become a determinant factor in the case where mayor's political party does not hold the majority of municipal council. Even if it is the case, some respondents further claimed that mayors still have powers to manipulate municipal councils' decisions because current local government framework provides them with some practical instruments. These arguments are summarised by some respondents below:

*“If the mayor's political party does not have the majority in the council, his power is limited. However, it is not common in Turkey. [...] I have seen some cases where the mayor and the council were in conflict because of their different political interests. In these cases, the mayor did not have the majority. Even if the mayor's decision was rational, the council used to object without examining it deeply.” (Neighbourhood Headman 1)*

*“The Strong Mayor Model is the current model in Turkish local governments. In fact, it is not possible to say that municipal councils perform effectively. Political party group decisions are already taken prior to council meetings and the members of the council usually attend the meetings without any preparation. They only vote in line with the decision of their political party or the mayor. Even if the mayor asks the opinions of the members of the council at some level, it is the mayor who decides on the action and prepares the policy. So, usually, decisions are already taken before the meetings because the mayor is the most dominant actor in party politics.” (District Mayor 3)*

*“The mayor has the authority to make and implement policies. It does not matter whether he has the support of the majority of the council or not. It is the Strong Mayor Model that puts mayors in such a powerful position.” (Member of the MGCM Council 2)*

### **5.3.1 Citizen Involvement in Decision Making Process**

All respondents confirmed that citizen involvement in the decision-making process of municipalities is very limited. Although the local government structure of Turkey provides some mechanisms for citizen involvement and monitoring, it does not ensure full participation of citizens in the decision-making process of important policies, such as the externalisation and privatisation of municipal services. Mayors and municipal bureaucrats however, usually argued that they applied several practices to gain feedback from citizens to ensure citizen participation in decision making process, such as arranging meetings with citizens and other stakeholders regarding municipal policies, making surveys, and letting them speak during the council meetings. As an example, a senior municipal bureaucrat of the MGCM explains how they ensure citizen participation:

*“According to the law, municipalities with a population of more than fifty thousand have to prepare strategic plans in six months after the election. During our preparation process, we ensured our stakeholders’ involvement such as citizens and NGOs. We organised meetings and asked about their expectations of us. Also, citizens can join, watch and speak during municipal council meetings.” (Senior Municipal Bureaucrat of the MGCM 1)*

Other stakeholders also mentioned that municipal council meetings are the only mechanism where citizens can participate in the decision-making process and speak about municipal decisions. However, it is also argued that it is not commonly applied practice because of lack of interest of both local politicians and citizens. A city council president explains to what extent citizens participate in the decision-making process:

*“Important externalisation decisions are discussed in municipal councils. Citizens are not usually aware of the agenda of the meetings. They are allowed to join and watch meetings but in practice, this is very rare. Even if they join in,*



*they don't intervene to the meeting, and they are not usually given an opportunity to speak.” (City Council President 1)*

Similarly, a headmen association president argues that citizens have little interest in municipal council meetings related to externalisation decisions:

*“Citizens are interested in joining municipal council meetings only if the meeting agenda is directly related to their primary interests. They don't follow the meetings related to broader issues of the city, such as externalisation of garbage collection or selling municipal assets.”*

Another important point to note is that citizens' opinions are not usually taken into account in fundamental and important externalisation policies. Rather, citizen participation in unimportant and non-critical decisions is presented by municipalities as examples of good implementation. Stakeholders argue that mayors and municipal bureaucrats are not keen on ensuring full participation of citizens in the decision-making process of externalisation policies, because they believe citizen participation does not help make things better. The underlying idea of this attitude is that mayors and municipal bureaucrats are competent enough to decide what is best for citizens, and citizens do not have enough skills and knowledge to do better. Indeed, a municipal officer argued that citizens must first be capable of knowing things as much as municipal officers do in order to join the decision making process. The following comments present the respondents' arguments on this issue:

*“Municipalities don't ask citizens' opinion on fundamental and important policies; they ask only citizens' opinions on some unimportant things such as the colour of pavements or the models of transportation vehicles.” (Deputy Governor 1)*

*“Citizens certainly object to a privatisation of an asset. They say that the previous mayor built it, and now this mayor is selling it. However, they do not act because they believe that even if they speak to the mayor, nothing will change. Municipalities don't ask the public, they simply take decisions and sell it” (Neighbourhood Headman 1)*

*“Citizens are not involved in the decision-making process; they are not being asked for their opinions. It is even worst in bigger municipalities; small districts are in dialogue more with their citizens. [...] Bureaucrats and politicians think*

*that they know better. There is no effective mechanism which ensures citizen participation.” (Member of the MGCM Council 1)*

### **5.3.2 Does Ideology Influence Externalisation Decisions?**

There is a conventional wisdom which presumes that right-wing political parties have been linked to more private business values, whereas left-wing political parties are associated with public values. If these assumptions are correct, the municipalities from right wing parties should be more in favour of externalisation of local services while other municipalities from left-wing parties prefer in house production. A review of related empirical literature shows that there is no systematic relationship between externalisation and ideology when ideology has been used as a variable to explain externalisation decisions. This result is also consistent with the argument that citizens are always in favour of more efficient service delivery regardless of their ideological attitudes.

In this context, all participants confirmed that municipalities are not guided by ideological motivation when they decide to externalise their services. Every political party from different ideological background applies externalisation methods at some level because a mayor's primary goal is to be successful in his term to either secure his next term as a mayor or achieve a good position in his political party. It is a requirement of the current economic and political system. This was indicated by almost all respondents:

*“In Turkey, local governments have surrendered to the capitalist liberal policies. Every ruling party from right or left tries to oppress workers. It means that it has nothing to do with the ideology or political views. I think rather it is a personal choice.” (Union Representative 1)*

*“I had the chance to work with several municipalities from several different political and ideological orientations. I observed that even representatives of the political parties which refuse the dominant liberal economic trend are satisfied with the outcomes of externalisation of municipal services. It is because people will evaluate the quality of municipal services, the number of clean streets or frequency of garbage collection service when it comes to elections.” (District Governor 2)*

*“No political party from left or right imposes its programme on newly elected mayors. Every mayor presents his programme to the citizens before the election and makes promises about what he will do during his term. They have to focus on solving the problems of their cities. Even a left-wing party which seems to be against private sector involvement in public service delivery cannot give up using externalisation methods. Mayors have to apply those methods to be successful and keep their promises. Local needs define the policies and the service delivery methods of municipalities in practice.”*  
(Member of the MGCM Council 2)

According to the ideas of respondents concerning whether ideological motives play an important role in externalisation policies, there is a common belief that municipalities are guided by pragmatic rather than ideological motivation. Although their ideas mostly derived from their liberal views about public administration and public service delivery, participants tend to see externalisation of local services as a must for municipalities for effective service delivery. Most stakeholders declared externalisation a necessary, useful and effective way to run things better in municipal service delivery, while emphasising that the degree of private sector involvement in public service delivery mechanisms should be kept at a reasonable level. A prefectural actor, for instance, referred this process as inevitable, while emphasising that the withdrawal of public sector from several areas should be controlled. The following two excerpts from the interviews reflect these thoughts:

*“I think the influence of the ideological or political views is insignificant. In fact, the country needs these kinds of implementations. As long as we don’t minimise the bureaucracy and reduce the time of workflow, the country needs to use the externalisation methods.”* (Municipal Corporation Manager 1)

*“You cannot stand against the requirements of the age. You have no chance to establish a different system. You have to follow the general trend. Of course, municipalities should not be managed completely by private sector logic. We are not managing a company here, we have different criteria. However, we have some common ground with the private sector. [...] Now citizens only care about whether their garbage is collected or not. In the end, whoever rules the municipality, they must act in accordance with the current conditions. This is the reality.”* (District Mayor 4)

### 5.3.3 Cost Reduction As the Main Reason

Contracting out is justified by all mayors and municipal bureaucrats by arguing that externalisation methods are considered an effective way to deal with fiscal stress and budget cuts, while meeting local needs and improving the quality and efficiency in the provision of municipal services. It is commonly shared by stakeholders that demands for contracting out service provision arise due to fiscal stress. Mayors expressed the fact that municipalities' performances are relatively poor in fulfilling their duties and delivering local services because of the lack of sufficient funds allocated from the central government. In this sense, externalisation is the most effective way to reduce costs which allows municipalities to save revenues. The following comments summarise the opinions of mayors:

*"Finding solutions to the unfavourable economic and financial situations that the local governments are currently facing is of crucial importance. Most municipalities, especially small and middle ones, are not even able to pay their personnel's salaries. The main reason for municipalities to outsource services is to reduce costs, and thereby to reduce fiscal stress." (District Mayor 2)*

*"Our municipality has been applying externalisation methods for a long time, especially in cleaning and garbage collection services. I must say that it provides us opportunity to deliver those services at lower cost. First of all, we get rid of extra costs such as repair and maintenance of the vehicles and other operational costs. Externalisation policies have been proved itself in reducing the cost at our municipality." (District Mayor 5)*

*"It is possible to produce more efficient services by the open procurement method with the help of a good cost benefit analysis. Municipalities should calculate accurately the costs and the outputs and then choose the most rational method." (District Mayor 1)*

The heads of the relevant departments of the municipalities also mentioned that externalisation reduces the costs through a certain level of competition attained in the procurement process. Participants rationalised externalisation as long as competition and good service delivery are ensured. Two of the respondents noted as follows:

*“Usually, we choose to apply the open procurement method which is publicly announced in order to have more competitors. We are able to receive lower bids rather than exorbitant ones. Hence, we can carry out more public works with these savings.” (Senior Municipal Bureaucrat of the MGCM 2)*

*“We can reduce the costs because we use the open procurement method. We can cancel the tendering process at any time in the case of a higher cost or any inappropriate situation. Consequently, we can evaluate the cost and take a right decision to externalise it. Procurement method provides a decrease in costs through competition.” (Municipal Corporation Manager 1)*

The idea that municipalities contract out services mainly to deal with fiscal stress and budget cuts is also shared by private municipal contractors. For example, a municipal contractor states that it is mainly for economic reasons when municipalities deliver local services with private contractors. Another private contractor also argues that:

*“Cost reduction is very important for municipalities because they already have big fiscal constraints. I can’t say this for other public institutions. Mayors have to think about fiscal issues because they have limited budgets.” (Private Contractor 1)*

#### **5.3.3.1 Cost Analysis**

An important point to note is that whether there is an economic rationale accompanied by a comprehensive cost analysis behind externalisation decisions is not clear. For example, a senior municipal bureaucrat claims that local governments do not take into consideration the transaction cost of contracts and usually a comprehensive cost benefit analysis is lacking. This opinion is also shared with the majority of the participants including mayors and municipal officers. The following comments are examples of these arguments:

*“I don’t think the cost and benefit analysis is accurately and effectively conducted by municipalities in Turkey. The main drivers behind externalisation decisions are the personal choices of mayors, necessity to act fast, political expectations and lack of skilled personnel. There are no well-developed, widely*

*accepted and objective work definitions and performance standards. Therefore, there is an uncertainty about the components which should receive attention while generating the estimated cost. Consequently, the real cost of the contracted out service may be calculated on subjective criteria and may vary for every municipality. For example, there are no standardised rules for calculating the costs of fuel consumption, depreciation, insurance and repairs of the vehicles, and they may vary for every municipality.” (District Mayor 1)*

*“As long as you rule the municipality like a political party member rather than an owner of a private company, this economical rationality will be of secondary importance.” (A Business Association President)*

*“The decisions are taken with the belief that it is a better choice if we do it in-house. An accurate and comprehensive cost and benefit analysis is not conducted. Even if it is conducted, there are always some unforeseen costs missed out during the analysis.” (District Municipality Officer 2)*

*“Mayors and municipal councils don't conduct a serious cost analysis while they take externalisation decisions. In some cases, externalisation policies are implemented by municipalities because it is fashionable. Everybody does it, let's do it. These methods are also chosen because of the comfort they provide. Mayors don't want to be occupied with planning, time management and organising their own resources. They use this exact term: “Let's externalise it, why should we be occupied with it?” (Head of Department of the MGCM 4)*

As a supporting argument, some participants also indicated that transaction costs such as the cost of negotiating, enacting, enforcing and monitoring are not taken into account or neglected by decision makers. A participant summarises the situation:

*“The sustainability is also important aspect. You have to think about whether it is sustainable or not, what are the transaction costs? What are the unforeseen costs? Monitoring cost etc.? They are not taking into account in general. Another fact is that there is lack of quality staff who are experienced, who have a vision and can do this kind of cost analysis, and who can evaluate political and social outputs of those policies in local governments. There are not enough well qualified and experienced staff working for us.” (District Mayor 1)*

### 5.3.3.2 Cost Reduction and the Externalisation of Municipal Employment

It should be noted that participants usually focused on the possible reduction of the costs of employment when evaluating externalisation policies, because the most extensively applied method of externalisation is to hire workers from a private contractor. In other words, most of efficiency gains from contracting out come from employing workers with lower wages through externalisation of employment. As most municipal services are labour intensive, it becomes the most determinant factor when municipalities decide to externalise their services. As a labour union representative confirms that *“the advantage of the externalisation is that it can reduce costs because permanent workers’ wages are much higher than subcontracted workers. It gives municipalities opportunity to employ workers with lower wages.”* Indeed, municipal officials and mayors also implied that externalisation reduces the costs because municipalities can employ a worker on a very low wage which is usually three times lower than wage of a permanent municipal worker. The cost difference between municipal permanent staff and contracted workers is explained by the mayors and municipal officers in greater detail:

*“The main reason for externalisation in every organisation, especially for externalisation of employment, is to reduce costs. They indicate this as the main reason.” (Senior Municipal Bureaucrat of the MGCM 3)*

*“A civil servant costs us four or five thousand Turkish Liras per month. Now imagine, if we employed a hundred civil servants, our monthly personnel expenditure would be 500 000 TL. It is a quite a lot of money. However, we can deliver the same services with three times lower costs with subcontracted workers.” (Senior Municipal Bureaucrat of the MGCM 1)*

*“We found the externalisation of employment effective and cheaper and have been applying it for almost a decade now. Delivering all services with our own permanent municipal staff is simply not sustainable. The cost of permanent staff with benefits and social security is very high; however, we don't receive the productivity in line with what we pay them.” (District Mayor 4)*

However, some stakeholders object to the idea of possible cost reduction by employing contracted or subcontracted workers by claiming that the cost of contracted workers is actually higher than it is assumed. They supported this argument by mentioning that the municipality actually pays value added tax to the government and some amount of profit to the private contractor. Below are examples:

*“Claiming that externalisation reduces the cost is relatively true because the municipality has to pay eighteen percent value added tax. Plus, there is an average 5 percent contractor profit.” (District Municipality Officer 1)*

*“I don't believe it does actually reduce the cost. Why? We pay the wages of workers, and the contractor makes a profit from the contract. On the other hand, we can employ permanently those workers with the same wage without paying the profit to the contractor.” (Senior Municipal Bureaucrat of the MGCM 3)*

*“I admit that it is useful to receive productivity from subcontracted workers, but we pay extra value-added tax and profit for the contractor for every contract we make. This is another aspect about the costs that should be noted.” (District Mayor 2)*

*“There is no big difference between the cost of permanent workers and subcontractor workers. However, there is a big difference between their productivity, more than 100 percent.” (District Mayor 3)*

Another aspect regarding efficiency claims mentioned by many stakeholders is the irrational employment policies of municipalities, which lead to excessive employment. Even though there is a decrease in the number of permanent workers of municipalities in accordance with the national policies aiming to reduce the number of public servants, in practice, the number of the people who deliver municipal services did not decrease. In this context, what has changed is that the municipalities now meet their personnel needs via municipal corporations and subcontractors. It is argued that although the cost of subcontracted workers is less than permanent workers and civil servants, it has not reduced the personnel expenses in the longer term because municipalities employ more personnel staff than they actually need. A participant expounds:



*“For example, most of our staff are subcontracted workers. It indicates that we deliver services mostly by subcontracted workers. However, in fact, we can perform effectively with well qualified and skilled permanent workers or civil servants because two or three subcontracted workers are only as productive as one skilled permanent worker.” (Head of Department of the MGCM 4)*

At this point, one respondent shares his opinion of why mayors do not prefer implementing an employment policy that favours fewer but skilled permanent staff rather than hiring subcontracted workers:

*“In theory, it is clear that it is more cost effective when they employ, for example 4000 subcontracted workers instead of employing 4000 civil servants. If they employ fewer but quality personnel instead of unskilled subcontracted personnel, they will reach the same productivity. However, mayors prefer not to do this because they have to keep their promises to their political supporters. There are no real savings here.” (Union Representative 2)*

## **5.4 Contracting Out Local Services**

The most prominent type of externalisation of local services has been contracting out in Turkey. Contracting out had its legal base in the State Procurement Act (No. 2886) which came into force in 1983. It has since been the most applied method in local service delivery as well as central government departments and autonomous agencies.

At the beginning, limited number of services with little strategic risk was allowed to be contracted out by public institutions, such as catering and maintenance, cleaning, building construction, technical expertise, project, mapping, monitoring, consultancy, maintenance and repair of vehicles. On the other hand, as service procurement for hiring personnel was not included in the Law No 2886, the percentage of the service procurement was at very low level in the total number of public procurements. This fact changed significantly after Law No. 4734 Public Procurement Law in 2002 because service procurement was named, defined and accepted as another type of public purchase. The law brought some specific arrangements for service procurement process for the public institutions and they are encouraged to use this type of public buy. Several services were involved in the definition of services which can be contracted out via public procurement. In the

definition of services, using an open-ended term of 'and similar services' proves that contracting out almost every service by public institutions was encouraged and recommended by the government.

Municipalities started to externalise some services that they traditionally used to provide in house such as public transportation, construction of infrastructure, garbage collection, parking, cleaning, security, employment services, and even some services which were not listed in the service definition in the law. In practice now, there is no service that cannot be bought by public institutions including municipalities because of the broad and ambiguous definitions in the law. It is just a matter of budget and choice to contract out almost every municipal services. In this context, a participant explains the current framework as:

*“Unfortunately, the externalisation of local services has become a main principle while it should be an exceptional implementation. There is a perception of that almost every municipal service can be contracted out to the private sector [...] The idea of the externalisation of public services has now completely taken root. We have come from a point in which the Supreme Court decided that municipalities cannot make a tender for garbage collection because it is one of the fundamental and on-going duties of municipalities, to a point in which every duty of municipalities can be externalised. Moreover, although the constitution states that public services are carried out by civil servants and other public employees, we can now hire municipal staff by contracting out the employment.” (Senior Municipal Bureaucrat of the MGCM 3)*

The externalisation of local services is extensively applied by municipalities in Manisa Province as well. Although current administrations of the municipalities postulate that municipalities' preferences of service delivery methods vary based on the nature and the characteristics of the services, contracting out is the most preferred method for delivering municipal services. The expansion of externalisation methods in local government service delivery is confirmed by a participant who was able to observe the trend for many years:

*“I have been working with municipalities for ten years. I can say that private sector involvement in local service delivery have been gradually rising over the last decade. There is more private company involvement in public service*

*delivery compared to the past. There is almost no single public institution that does not use externalisation methods.” (Private Contractor 2)*

Another private contractor corroborates what he explained:

*“I have been witnessing a gradual increase in externalisation of local services. It is because municipalities may receive quicker and better services with lower costs from the private sector.” (Private Contractor 3)*

Another prominent feature of the externalisation of local services in Manisa Province is that municipalities mostly contract out the employment and deliver labour intensive services such as garbage collection, cleaning, maintenance of parks, gardens and roads with contracted workers. This feature is confirmed by mayors and municipal bureaucrats:

*“The system is completely based on contracting out the municipal employment. It is mostly service procurement. When we call it privatisation of local services, it means hiring workers and delivering local services with them.” (District Mayor 1)*

*“These methods are mostly successful in labour intensive services such as garbage collection, cleaning the streets, maintenance of parks and gardens, and employing staff for the fire service. Of course, we also use our own permanent workers but there are lots of opportunities provided by the framework to contract out services and employment.” (Senior Municipal Bureaucrat of the MGCM 3)*

*“We mostly externalise the employment to deliver services such as maintenance of roads and public parks. It is extensively applied by municipalities. I can say that municipalities deliver 70 or 80 percent of their services by externalising them.” (Senior Municipal Bureaucrat of the MGCM 1)*

It is also argued by respondents that municipalities also externalise some services which require technical knowledge and skill. Moreover, mayors and municipal bureaucrats stated that while they prefer to do small works such as repairing and maintenance with their own workers and vehicles, bigger works which require a higher level of allocated funds, such as infrastructure and construction, are mostly externalised. They emphasised that as those works cannot be handled with

municipalities' own staff and resources, they have no other choice but to externalise. Moreover, as the coverage area of the services gets bigger, municipalities need private involvement to deliver those services because it is not possible to deliver local services to bigger areas with their limited number of staff and vehicles. Mayors and municipal officers underlined the fact that externalisation of some services and public works has become a necessity:

*"We carry out small works like maintenance and repair with our own workers and equipment. However, we have to externalise bigger works. It is a necessity because they are too complicated for us." (District Mayor 6)*

*"It depends on the nature of the work. We cannot reach all the roads in the province to deliver maintenance and repair services with our limited staff and vehicles. Instead, municipalities contract out local services and define the terms and conditions for the contractor in tender documents, such as having the sufficient amount of construction equipment and performing in five different places at the same time." (District Mayor 2)*

*"We don't contract out every work and service. For example, we hire workers but we also buy the equipment that the service needs. We prepare a working plan for the contractor. We repair water and sewer pipelines with our staff and vehicles. However, the public works which the municipality cannot handle with our own resources are externalised. For example, asphalt procurement. We cannot deliver this service in 15 districts at the same time because we do not have enough staff and equipment to do it. So, we externalise those big scale public works." (Senior Municipal Bureaucrat of the MGCM 1)*

Stakeholders also argue that some services such as fire rescue, municipal police and social services should be delivered by public institutions because those services are critical services which should not be delivered by motive of profit. This opinion is shared by the majority of the stakeholders. Three of the respondents noted as follows:

*"It depends on the nature of the service. Some services should be delivered by the public such as security, education, social services and fire rescue. For other services, there can be several alternatives, such as contracting out the employment." (Senior Municipal Bureaucrat of the MGCM 4)*

*“Social service should be produced in house because for social services, profit and cost are not our main concerns.” (Vice Mayor 1)*

*“Social services, fire services and municipal police services should not be externalised, but the infrastructure and construction work and garbage collection can be externalised.” (Member of the MGCM Council 2)*

## **5.5 Conclusion**

There is a practical political motivation behind any reforms on local government systems during the last decades in Turkey. Local government reforms and provision of a legal framework for private sector involvement in public service delivery have been considered effective and practical instruments to transform the public sector. Decentralisation reforms and the marketisation of local services that initiated during the rule of the ANAP have been gradually continued in the 2000s. During this period, in order to strengthen local governments and encourage the use of externalisation methods in local service delivery, several new laws and legal regulations were introduced. Externalisation policies have been one essential component of managerial reforms during this period. Although there is clear evidence indicating that there is a deliberate central government policy behind the laws regarding externalisation, this policy is not perceived truly by stakeholders as a solid government strategy aiming to achieve better local services. Externalisation policies and legal frameworks are perceived as an opportunity provided to local governments to produce effective public services. As a result of this approach, mayors feel themselves free to apply any method with any motivation.

Although key stakeholders from municipalities including mayors and municipal bureaucrats presented financial deficits, cost reduction and efficiency as the main reasons for externalisation, data collected from other stakeholders revealed that externalisation decisions usually are taken for practical and pragmatic targets. They are rather practical and pragmatist choices of mayors and municipal bureaucrats, who are just benefiting from the legal framework provided by the central government. This is supported by the fact that ideology and political party politics have no significant effect on the externalisation decisions of municipalities in Turkey. Stakeholders from different ideological and political orientations clearly suggested

that the externalisation of local services have become a necessity for municipalities and even the municipalities ruled by left wing parties are extensively using it. Another reason why ideology and political party orientation do not play a significant role on externalisation decisions is that all political parties are aware of the fact that successful municipalities can bring electoral support at general elections.

In Manisa Case, local governments are using externalisation models extensively. Fieldwork data gathered from stakeholders showed that externalisation is considered the only better and effective way to deliver local services by mayors and municipal managements as well as citizens. Municipalities externalise the majority of local services ranging from garbage collection, cleaning services, maintenance of public parks to IT services and transportation. The most prominent practices of externalisation of local services are service procurement (contracting out), municipal corporatisation and contracting out municipal employment. Municipalities mostly deliver labour intensive services such as garbage collection, cleaning, maintenance of parks, gardens and roads with contracted workers. Therefore, externalisation is justified mainly for its advantages in employing municipal workers for a cheaper wage compared to permanent staff and civil servants of municipalities. On the other hand, majority of the respondents including mayors admitted that municipalities don't take into consideration the transaction costs of contracts and a comprehensive cost benefit analysis is usually lacking.

Finally, participants marked the fact that externalisation decisions are mainly taken by mayors, depending on their personal experience, political orientation and personal view of administration. Therefore, while efficiency claims are valid in many cases; personal choices, political expectations and pragmatic reasons have also considerable influence on the mayors' decisions. When this power is used for political clientelism, externalisation of municipal services becomes a problematic phenomenon which prevents municipalities from achieving the intended outcomes of their service delivery policies. Considering the fact that citizens' demands for information on externalisation policies are limited and local politicians and municipal bureaucrats are reluctant to ensure high level of citizen participation in decision making process, there are very limited instruments to control and monitor the externalisation policies of municipalities from the stage of decision making to the implementation.

## **Chapter 6: Intended and Unintended Consequences of Externalisation of Municipal Services in Turkey**

### **6.1 Introduction**

This chapter will examine the intended and unintended consequences of externalisation of municipal services in Turkey. It will focus on municipal corporations and the externalisation of municipal employment which are other prominent externalisation instruments of Turkish municipalities. In the first section, the advantages and disadvantages of municipal corporations will be discussed by providing different points of view of stakeholders. The second section is organised under the heading of the externalisation of municipal employment. As it is presented partly in the previous chapter, mayors and municipal bureaucrats prefer to externalise the municipal employment, especially through municipal corporations, because it provides flexibility and cost reduction in their employment policies. In this section, the subcontracting system which constitutes a fundamental basis and a striking feature of externalisation of employment is analysed. As it has been named as one of the biggest problems of Turkey's labour market and local governments' externalisation policies, the intended and unintended consequences of the subcontracting system will be presented.

### **6.2 Municipal Corporations**

With the introduction of Greater City Municipality status in the Turkish local government system in the 1980s, municipal corporations became another major instrument for externalising local services. The corporations of Istanbul Greater City Municipality performed well enough to deal with problems of a mega city with the help of private sector instruments and the advantages brought by private law. Establishing a municipal corporation later has become another common practice of

externalisation of local services in the country, and municipalities have been delivering many local services through these corporations.

The Municipality Law and the Greater City Municipality Law allow municipalities to set up establishments and corporations under private law in areas of duty and service under their mandate in order to deliver public services along with ensuring profit maximisation. In order to set up this type of entity, a municipality can either set up a new corporation, or make an equity investment in an emerging corporation, or become a shareholder of an existing corporation. With the exception of capital increases in already established partnerships, the decisions of the establishment of corporation are taken by municipal councils and subject to the approval of the Council of Ministers. The members of the management teams of these establishments and corporations are selected by municipalities.

In Turkey, municipal corporations have become an ordinary practice to carry out important local services and almost every municipality has established a corporation. Municipal corporation managers claimed that this method has proven itself to be successful:

*“Municipal corporations are very successful in fulfilling their duties and aims. It is a proven fact. This method became a kind of obligation. I cannot say every bureaucrat is happy with this method, but there is no other choice for effective service delivery.” (Municipal Corporation Manager 1)*

*“It is very useful and effective method for municipalities. For example, in Manisa, newly established district municipalities also established municipal corporations. It is a need for all local governments. The success of GCMs resulting from this model has encouraged middle and small size municipalities to contract out some municipal services.” (Municipal Corporation Manager 2)*

### **6.2.1 The Reasons for Establishing Municipal Corporations**

Why the municipalities are likely to favour setting up municipal corporations is put quite well by participants:

**1- Efficiency Claims:** The assumption is that private companies can conduct more profitable and effective commercial policies; therefore, it is economically more



effective for a municipality to use a corporation under private law. Since its aim is to operate with private sector logic, it should be expected that municipal corporations should reduce costs and expenses while making profits to provide financial resources to municipalities. However, stakeholders stated that possible cost reduction derives from their flexibility in employment from the labour market. As two of the participants pointed out that:

*“I think their primary goal is to reduce the costs of municipal services. Municipal corporations are able to achieve this goal because they pay their workers the national minimum wage. It gives you flexibility in the procurement process, so the corporation wins the municipal tender and provides the workers for local services such as cleaning and maintenance of the public parks.” (Member of the MGCM Council 1)*

*“We have the opportunity to find workers from the labour market who will work for lower wages. It is the main reason for municipal outsourcing of employment, instead of delivering the services with permanent workers and staff. With current salary rates, the municipality can employ two workers for the cost of a permanent worker or a civil servant. Although It is criticised by many, claiming that the workers are exploited by paying them very low wages in return of their efforts, it is a fact that municipalities usually have very limited financial resources and cannot afford to pay much higher wages.” (Senior Municipal Bureaucrat of the MGCM 3)*

Another advantage of municipal corporations in terms of reducing the costs derives from their involvement in the municipal buying process of goods and services as a private sector entity. The involvement of municipal corporations in municipal procurements as a promoting factor for having higher competition among the bidders enables municipalities to save some funds. This advantage is explained by a municipal corporation manager:

*“Our joining of municipal tenders forces external bidders to lower their bids. The operational cost of delivering that service is almost zero for us and only an expected four percent of contractor profit, which the Public Procurement Authority allows, would be enough for us to join the tender. Being aware of this, other private sector bidders lower their offers significantly, which is the*

*biggest advantage that we provide to the municipality.” (Municipal Corporation Manager 1)*

From the point of mayors, a district mayor exemplifies this situation:

*“We deliver some services through our municipal corporation. It brought some great advantages and benefits to us. For example, when the municipality tries to buy goods, such as a spare part for a vehicle, there usually is a big difference between the offers given to the municipality and to the corporation. In summary, it definitely reduces the costs. The corporation also joins the municipal tenders and makes a bid as a balancing factor to enhance the competition if necessary.” (District Mayor 6)*

**2- Providing Financial Resources to the Municipality:** Some municipal corporations are operated for making profit to provide financial resources to municipalities with the motive of creating new financial resources. According to both the Municipality Law and the Greater City Municipality Law, municipalities and Greater City Municipalities can only establish corporations in areas of duty and service under their mandate. However, municipal corporations operate many commercial activities that are out of their areas of duty and service, such as cleaning, recreation, gas stations, consultancy, tourism, cold storage warehouses, spare parts, IT, engineering, bread factories, housing estates, coal, car parks, building, catering and organisation, trade, exports and imports and so on. Participants argued that they are in almost every commercial activity, aiming to make profit. The majority of participants mentioned the aim of making profits. Therefore, to what extent those activities are in compliance with the municipal duties to meet the local and collective need of the people becomes a debatable subject. Two municipal corporation managers in different cities explained it:

*“When it was established, its main goal was to make profit by building houses and selling them. It also started to join the municipal tenders to maximise its profits.” (Municipal Corporation Manager 2)*

*“Its aim is also making profit and supporting the municipality financially. The corporation has created an annual income of more than 20 million TL from the start.” (Municipal Corporation Manager 1)*

However, there are other arguments that the aim of the municipal corporations at maximising the profit and creating regular income for municipalities are not always materialised because it is very rare to see a municipal corporation transferring all the profit to the municipality at the end of the year. Secondly, they are usually not managed within the complete private sector logic. Thirdly, some municipal corporations do not usually make a profit and even if they do, the profit is used for further capital increase of the corporation or other expenses. Fourthly, whereas they are established as private companies, they are under the administrative tutelage of the municipalities. Therefore, it is hard to achieve effectiveness and efficiency in their performance. As a close observer, a municipal officer gives a good example of a poor performance of a municipal corporation:

*“In some businesses, it is not very successful. The performance of the hotel business is not good. The income from the hotel is used for its expenses or transferred to the municipality if there is. The administration of the corporation tries very hard to make things work but they still cannot overcome the problems, because it is not operated within the private sector logic. It is overemployed; there is the logic of civil servant.”*

**3- Social Motives:** It is explained by some participants that some municipal corporations aim to meet some basic needs of the local people and to provide people with fundamental goods at reasonable prices. Municipalities can take over some services that the private sector does not provide or produce goods at reasonable prices such as bakery, coal, markets, crèche, and wedding hall in order to protect people with low incomes. This is also case when there is lack of private providers in the market for that service. This reality is explained by two of the participants in greater detail:

*“We deliver the services that the private sector does not usually want to invest. The corporation operates a bakery, a cafe, a hotel, and a canteen at the university. We also won the cleaning service tender of the municipality. Our main goal is to serve people, not to make a profit. We operate those facilities for social reasons to provide some basic services that are very limited in our city. [...] We do not receive any complaints about our involvement in some private business areas. We have already tried to externalise them to the private sector but failed or did not receive the quality and the effectiveness we*

*expected. Moreover, if we externalised them to someone incompetent, we receive some criticism about our decision because of contractor's poor performance. That is why we provide those services with our own staff with an additional motive of providing job opportunities to people.” (Municipal Corporation Manager 2)*

*“Municipalities should help the private sector in some service areas for the sake of the public even if these services are not among their duties. They should be involved at least for keeping the prices at a reasonable level for the public. In the case where there is no private sector involvement in an area which is needed by local people, a municipal corporation still can establish a ground for it by being an example and a pioneer.” (Senior Municipal Bureaucrat of the MGCM 4)*

On the other hand, municipal corporation involvement in private business areas takes some criticism as well. It is argued by many stakeholders that private companies in the business sectors in which municipal corporations carry out commercial activities are subject to unfair competition. Some people further claimed that it is a contradiction with the liberal ideas of the state which aim to minimise the public sector. Even though some municipal activities such as bread factory are useful to keep the market prices reasonable for everyone, they are still criticised for blocking private sector business opportunities in those areas. Two participants summarise those criticisms with examples:

*“We receive some criticism about our involvement in some services such as cafes, bread factories and hotels. Their main argument is that these municipal facilities can deliver better quality services if a private contractor operate it. They say that these are not among the duties of a municipality. We do not want to externalise these services in order to protect local people's benefits and interests. We sell good quality bread cheaper than market prices at our bread factory for poor people.” (Vice Mayor 1)*

*“The municipalities should focus on delivering social and cultural services which should be delivered at any cost for the sake of public. They should be involved in the areas in which the private sector does not have any interest because of the potentially low profit rates. Opening a theatre is more important than opening a bread factory. These are not the businesses that a municipality*

*should operate. There are many private companies operating in these areas already. If you manage to reduce the prices and create a barrier for higher prices, this can be understood. But if you keep the prices the same as a private company normally charges, it means that your only aim is to earn some money.” (A Union of Chambers of Merchants and Craftsmen Representative)*

The involvement of corporations into some commercial areas is justified by municipal bureaucrats and mayors also on the ground of citizen satisfaction. A neighbourhood headman in a district claimed that the local people are happy with municipal involvement in the bread production business because it provides good quality with good value for money. A participant from a district municipality made another contribution the subject by explaining that sometimes it is the citizens' demands which motivate municipalities to get involve some private business areas:

*“Citizens usually want to see their municipality involved in every service area they need. Some of them wants the municipality to conduct private sector business. For example, they even wanted our municipality to operate a mill because some people needed it.” (District Municipality Officer 2)*

**4- Flexible Employment:** Municipal corporations are not subject to the restrictive public administration framework; therefore, they can employ staff that are more skilled and fire any staff without being subject to any restriction such as cadre, wage and contract terms. They can offer any range of wage, time or position to any one through contracting out or making a private contract. In this way, a lack of specialists and experts is prevented. A district municipality council member clearly expressed the advantage of corporation in municipal employment:

*“If we don't use corporations, we cannot handle with the situation, it is vital for us. I can hire a worker for 2 months or 6 months as long as I need, I can fire him anytime if I am not satisfied with his performance.”*

As an unintended consequence of the externalisation of the municipal employment, several participants claimed that unskilled staff are employed at the corporations, because municipal corporations are also used for employing political supporters of the ruling party of the municipality. The common argument shared by stakeholders is that municipal corporations are a useful tool for politicians to employ the staff they

need for managerial or political reasons. As an example, a local politician claims that:

*“The main motivation of municipalities while implementing their employment policies is to gain political benefits from it. This is a fact in Turkey, which everyone knows but few speak about. People support a political party, hoping to benefit from job opportunities provided by municipalities and their municipal corporations.”*

Another participant expresses the same thoughts:

*“In some local governments, service outsourcing is used as a means to employ political supporters, relatives, friends etc. Therefore, this undermines its productivity. The result of this policy is to struggle to allocate more resources to pay the salaries of the corporations’ staff, whereas the main aim of the corporations is to reduce expenses and costs.” (Senior Municipal Bureaucrat of the MGCM 3)*

**5-Avoiding Bureaucratic Constrains:** Another reason mentioned by a majority of the participants is the motive for avoiding bureaucratic constrains and slow decision-making mechanisms that negatively effects public service delivery. Municipalities are under the administrative tutelage and monitoring of central government. However, municipal corporations are subject to private sector laws, which enable municipalities to remain outside all government control mechanisms and to avoid public procurement laws and other restrictive articles. Municipal managers postulate that municipal corporations bring flexibility and conformity to the public sector, and it enables municipalities to act quickly and to focus on local services effectively. In this context, some mayors emphasised that the law gives permission to GCMs to outsource some municipal facilities to municipal corporations without opening a tender. Some participants, on the other hand, approached the subject from a different point of view. For example, a Chamber of Commerce and Industry representative claimed that:

*“Municipal corporations are used for delivering local services, as well as providing opportunities to employ more people and to benefit from its financial flexibility which is mostly out of sight of legal and bureaucratic regulations.”*

On the other hand, some participants argued that municipal corporations have become a useful tool for local politicians and municipal bureaucrats for spending money without public control, rather than being an instrument to deliver public services. In many cases, they have lost their primary purpose. Two NGO representatives argued that municipal corporations are established to avoid every kind of legal auditing and supervision:

*“Municipal corporations are not monitored well because they are operating under private law. In such an environment where only people from same political opinion work, it is likely that there will be some abuses.” (A Business Association President)*

*“I don't think they decide to establish a municipal corporation based on the findings of costs and effectiveness analysis. Their priorities are to be comfortable while spending the funds, and to avoid responsibility. It is an organisation where municipalities can spend money without being distracted and monitored.” (An NGO Representative)*

Participants mostly argued that the opportunity for spending money while remaining out of public sight and the lack of strict legal auditing and supervision give rise to transparency and corruption concerns. First, municipal corporations win a big majority of the municipal service procurements including outsourcing the employment. There are concerns regarding municipal officers' fairness for ensuring competition and transparency in the procurement processes that their municipal corporations join. Secondly, some people claimed that, because of the bad experiences in the past, there is a common public perception of corrupted municipal corporations. Moreover, it has become an ordinary practice to carry out important and strategic services with subcontracted workers, such as, municipal police, fire services, in an extreme case, even the membership of the public procurement committee of the municipality. Those unlawful and abusive practices of municipal corporations and growing concerns about corruption and transparency led a public opinion that demanded government to act. In the end, the central government's response was to restrict the establishing of new municipal corporations. Until the Law no 4046, municipal corporations used to be established by municipal council decision; after the law, it is now obligatory to get the permission of the cabinet prior to the approval of the municipal council. One may think that this new regulation

made it difficult to establish a new municipal corporation; however, municipalities found a way to avoid this restriction by taking over an existing private company via accepting donations of the shares.

Although the oversight of the corporations is conducted directly by members of the executive and supervisory committees and indirectly through activity reports presented by the mayor, the public monitoring of the corporations is fragmented and not very strict. Inspectors of the Court of Auditors, the Ministry of the Interior, and the Ministry of Finance can also audit municipal corporations. However, it is not possible to say the auditing on the corporations by those institutions is effective and deterrent, because the oversight of the municipal corporations is not among the main responsibilities of those institutions which lack enough inspectors. Therefore, it is commonly argued that municipal corporations should be monitored more effectively. This argument is expressed well by a union representative:

*“Municipalities are establishing corporations in order to avoid inspections and monitoring. Thank God, there are inspectors of the Ministry of Interior. Otherwise, they would be governed like a local shop on the high street.” (Union Representative 3)*

### **6.3 Externalisation of Municipal Employment**

Another justification of externalisation explained by respondents is directly related to the employment policies of municipalities. Introduction of greater flexibility in hiring employees has enabled municipalities to employ seasonal and temporary workers directly or via municipal affiliates. Municipalities are suffering from the lack of specialists because skilled and quality personnel do not usually prefer to work for municipalities for several reasons. Externalisation enables municipalities to employ staff as experts with limited contracts or for special projects at short notice. The reasons for the externalisation of municipal employment are explained by stakeholders from municipalities:

*“I think one of the biggest problems that municipalities are experiencing is the lack of quality staff because; skilled and experienced people prefer not to work for political institutions such as municipalities. Why should he come to us, when there are other opportunities to receive better offers? Why should he let his*



*skills weaken in his time here? Only average people come to work for municipalities. For this reason, we should create opportunities by externalising municipal employment to allow us to employ more qualified personnel.” (Head of Department of the MGCM 4)*

*“There are not enough qualified and expert staffs at our municipality. Municipalities have some flexibility in employing civil servants, but where can you find such qualified and expert staff? Is he going to work for us? Moreover, you cannot keep highly qualified and experienced staff in the public sector. After a while they go to the private sector to earn more money.” (District Mayor 1)*

As a supporting argument, stakeholders also explained that skilled personnel prefer not to work for municipalities as political pressures over municipal staff and mobbing at workplace are at very high level at municipalities. A participant summarises the situation:

*“Whether the staff is competent or not does not matter because actions are based on political motives. For example, you cannot make an engineer who has a MA or PHD degree work here because he thinks that it is a political institution. He may be comfortable for now but what happens if the mayor loses the next election? The next mayor will be bullying him.”*

The second justification for externalisation of the employment is the unproductivity of civil servants and permanent workers. Mayors explained that the externalisation decisions are taken based on the assumption that municipal civil servants and permanent workers are inefficient and mayors do not have another choice but to externalise the municipal employment. A district municipality mayor clearly demonstrates the difference between permanent municipal staff and contracted workers in terms of productivity based on his experiences:

*“I witnessed very interesting events on this subject. A person, who already had a job, demanded a job from us. When we reminded him that he was working for a private company, he stated that he was very tired and he wanted to get little rest. The perception of public employment is that civil servants do not work and it is easy to exploit the public sector [...] I mean you cannot allocate a supervisor to each worker. For this reason, delivering services with civil*

*servants or municipal workers is the worst method. Job security makes them ineffective because they feel that they are in a secure position. [...] Moreover, I have a civil servant with zero percent effectiveness working for my municipality, who can choose to retire from public service anytime. Any department does not want him. I cannot force him to retire because he will accuse us for mobbing him. Even though, they contribute or produce nothing for public services, we continue to pay their salaries. In my organisation, some people do not even bother to come to work. When they come, they create discomfort in the department. This is one of the urgent issues to be solved in public administration.” (District Mayor 3)*

Many participants also mentioned the difference between municipal staff and contracted workers in terms of productivity. Mayors and municipal senior bureaucrats argue that there is a well-known fact called ‘civil servant mentality’, which implies the delay and procrastination of the jobs by lazy civil servants who take no risks. Therefore, the perception of stakeholders is that contracted workers are more productive because they do not have a job guarantee and they are working with ‘private sector mentality’. These arguments are shared by many stakeholders as shown below:

*“I was a civil servant before. Let me give you an example from the 2000s. When I was travelling, I used to see some public works on the roads. I was able to recognise whether they were permanent or contracted workers. If it was being carried out by the municipality’s own workers, eight people were standing around and one person was working. In contrast, if it was an externalised work, there were eight people working, supervised by one standing, probably a chief.” (A Senior Politician at the MGCM)*

*“Previously, our own workers used to clean our buildings. Now we have externalised the cleaning services. We have definitely improved the effectiveness. They come to work on Saturdays, they leave work late at night, and they come to work early.” (Senior Municipal Bureaucrat of the MGCM 2)*

*“In the private sector, working hours and break times are clear and strict. Sometimes, someone asks for a job from the municipality. When we say there are jobs at private companies with the salary of 1500 TL and they can apply there; they state that they are ready to work for the municipality for just 500 TL.*

*It shows that they perceive the municipality as a place to rest and procrastinate.” (Member of the MGCM Council 1)*

*“The costs of our permanent workers are very high; however, we don't receive enough productivity in return of high salaries we pay.” (District Mayor 4)*

An interesting argument that depicts how traditional the state and public servant system is evaluated by private sector actors comes from a municipal contractor. He supports the argument that civil servants are not productive and the main reason for the expansion of externalisation practices is the ability of the private sector to provide services faster and cheaper. He further criticizes ‘the civil servant mentality’:

*“The only thing important to a civil servant or a permanent worker is his salary. If I need two hours more work to finish the job, I finish it today instead of leaving it to tomorrow. When you go to your own work, do you go at 10 am? If a private company does a good job; it will also gain a good reputation and references for future tenders.” (Private Contractor 3)*

Contrary to the opinions presented above, some participants made important contributions to the debate by arguing that the unproductivity of the municipal staff derives from the political patronage and populist employment policies of mayors and local politicians. In this sense, clientelism and political patronage are seen as one of the main reasons for unproductivity and ineffectiveness in the public sector. Therefore, it is not the public sector that is to blame in the first place, but mayors and local politicians. Some participants successfully summarised these arguments by giving examples:

*“For example, I caught you sleeping at work. I write an official report and give it to the management. It is somehow swept under the carpet because of your connections or your political closeness to the management. Do I report it again next time I catch you or someone else? Therefore, it is not about employing a municipal worker or contracted worker. If your primary purpose is to increase productivity and your intentions are only related to effectiveness, you can manage to do it somehow.” (Union Representative 1)*

*“I agree that when he is employed by a municipality as a civil servant or a permanent worker, his productivity decreases because it is a political institution. Who is employed by a political institution? He is either a relative or*

*a political supporter of the mayor or a relative of a member of the municipal council and so on. Their connections put them into a strong position, causing a decrease in their productivity. This is the fact.” (Member of the MGCM Council 3)*

*“Our legal framework is not bad, the implementation and the mentality are bad. If you do not change the mentality, even the best law in the world will not work. If someone is not productive and comes to work late, the manager who does not do anything against him is the guilty party. Job security of civil servants is not limitless. It is unjust to protect someone who is not effective, just because of his political connections.” (Union Representative 4)*

### **6.3.1 Labour Unions and Municipalities in Manisa**

Before discussing the subcontracting system and its pros and cons in the context of Turkish local governments, analysing the relationship between unions and municipalities gives better understanding of the subcontracting system in Turkish local service delivery.

It is claimed by the supporters of externalisation that the efficiency improvements in the public sector require a reduction in staff, lowering conditions of service and more flexible working arrangements. All three actions clearly undermine the position of both public sector workers and unions. Most unions are against externalisation because, in many cases, it represents dramatic effects upon union members, especially on their job security, wages and work conditions. Respondents from NGOs and unions mainly claimed that externalisation undermines the power of unions and has some negative effects on the conditions of workers. Moreover, some stakeholders believed that the current legal framework is established mainly for the benefit of the employer and municipalities, as the underlying ideology of governments’ policies aims to sustain the liberal and capitalist economic system which provides politicians some opportunities of reducing service costs by exploiting workers. A union representative argues that because of the liberalisation process of Turkey during the 1980s and 1990s, labour unions have weakened and lost their key role and determinant position in the social and economic system of the country. He shares his experience and opinions on this issue:

*“I don’t think there is a motive of breaking the power of unions behind the privatisation and externalisation policies. Maybe that was the aim at the beginning of liberalisation process but not now. Some labour unions can now be considered capitalist. They are in line with the capitalist system. Some of them are among the political supporters of liberal political parties that defend wild capitalisms and privatisation. Some of the presidents of labour union confederations became members of the parliament, businessman and millionaires. They got rich and became powerful.” (Union Representative 1)*

He also claimed that labour laws are completely in favour of employers and the satisfaction level of workers with their rights were better even during the military regime in the 1980s. He explains the current situation regarding the power of the unions and their relationship with municipalities:

*“We don’t see ourselves as strong in the current local government system. I cannot defend my workers’ rights against the employers properly because some of our rights have been taken back. I always feel that I have to get along with the employers until the situation becomes unbearable and unsustainable. I keep always keep in mind that I will have to make a new contract with the municipality at the end of year; the mayor will punish the workers if I do not get along well with the municipality. We solve our problems with personal dialogue. I sometime need to step back. I can get stubborn and oppose them but, in the end, my workers will pay the price. How? For example, in December, I will sit with the mayor and negotiate an increase in wages. How much will he increase wages if I am at the odds with him? This ties our hands.”*

According to Turkish Labour Law, there are three conditions which a labour union has to meet in order to grant the authorisation of a collective agreement: at least three percent of the workers working in the sector must be a member of the union; more than half of the workers in the workplace must be member of any union; and finally, the union has to hold forty percent of the workers. The union that has the majority of registered workers grants the permission of conducting the collective agreement negotiations and contracting process with the employer. According to these criteria, in Manisa, the Belediye-İş Union is the authorised union for all municipal workers including subcontracted ones, while the Türk Yerel Hizmet-Sen Union represents municipal civil servants. These are the only unions that can

negotiate with the municipalities and make collective agreement with them. At the time of the interviews, there were ongoing negotiations between Belediye-İş and the MGCM for subcontracted workers working for BESOT and MASKİ.

According to a new regulation, municipalities can now have a choice to make a three-year contract with private contractors. The regulation also states that municipalities can make contracts shorter than three years if there is a proper reason or a necessity. Some participants, especially union representatives, argue that this regulation cannot bring an improvement to the conditions of the workers because it is easy to find a proper reason for the municipalities to make contracts shorter than three years, therefore the majority of the municipalities will not make three-year contracts. As an example:

*“With the new regulation, the employer can now make a three-year contract, but they can make a shorter contract if they desire. Which employer does not desire that? Some people say that it is a solution proposed by the government because they realised that the subcontracting system became a major problem.” (Union Representative 2)*

As a counter argument, a private contractor states that the law actually brings advantages for both workers and private companies:

*“This new regulation is good for both workers and the contractor. In this way, the company can make long-term plans. Contractors know they have three years to invest. It gives a company confidence.” (Private Contractor 1)*

The advantages of joining a labour union for workers are the opportunity of renewing the contract every two or three years and to having a rise in their wages according to the inflation rate. A union representative stated that many subcontracted workers ask him to register them with the union because of those advantages, but he hesitates to do it before convincing the mayor and other bureaucrats, because their registration may cost them their job. Although the legal frameworks allow subcontracted workers to be unionised on condition that there is a municipal decision on that, the union’s representatives stated that the municipalities are not keen to give subcontracted workers their union rights because politicians and bureaucrats claim that unionised workers are costly and not productive. Two union representatives explained the opinions of mayors and municipal bureaucrats:

*“Some of the senior municipal bureaucrats clearly stated to me that unionised permanent workers are paid high wages which is one of the main reasons for their fiscal stress. They also stated that they are against the unionisation of subcontracted workers, because they believe that if the workers are not productive now, they will be even less productive when they are unionised.” (Union Representative 1)*

*“Generally, municipalities do not want to give subcontractor workers their union rights. They do not want workers to have more power or feel any pressure from unions over their actions and decisions. External providers can fire subcontracted workers very easily.” (Union Representative 2)*

As several union representatives stated above, the high wages of unionised workers and their protected rights in the workplace are suggested as the main reasons for the negative approach of municipalities towards labour unions. In this context, municipal officers put the view of municipalities on the unionisation of municipal workers:

*“The wage of a permanent worker is almost two times higher than the salary of a civil servant. For example, the wage of a permanent worker is almost equal to the salary of a senior municipal officer. It is because they have union rights. With the help of some benefits and bonuses such as festive and new year, overtime payments, clothing allowance, it reaches an incredible amount. In addition, they can have more days off than civil servants can. If we consider the economic reality, local governments are suffering from those costs.” (Head of Department of the MGCM 4)*

*“There should not be two or three authorities in an organisation. Unions get everything they want from the state, the government and local governments right now.” (Senior Municipal Bureaucrat of the MGCM 2)*

*“There is a traditional fear of municipalities. When permanent workers join a union, they demand more money. Municipalities think that they will have to accept their demand in the end, which might bring the financial situation of the municipality to an unbearable point. Because of this fear, every municipality and public institutions will always continue to support the contracting out of employment and subcontracting system.” (District Municipality Officer 1)*

As labour unions are mostly against administrative reforms and externalisation policies of public institutions, it seems logical to hypothesise that union density and externalisation correlate negatively. As the existence of the strong unions is expected to have a negative effect on externalisation decisions, unionisation has been cited as the primary reason for lower rates of externalisation by some researchers in the literature. This study demonstrates that unionisation ceased to be considered a significant factor when local governments apply a mix of alternative service delivery models. Almost every participant mentioned that labour unions have no significant effect on municipal externalisation decisions because they have limited power and cannot impose any threat to municipalities because of the current legal framework and strong ties between unions and municipalities. Municipal bureaucrats also confirmed that labour unions do not have any significant effect on their decisions and operations as unions are not involved at any stage of the policy making and implementation process. It is mostly stated that they do not experience major difficulties and problems in their relationship with the unions. As the majority of workers working for the municipalities are subcontracted workers, who are not granted their union rights, it becomes clear that unionisation is not a major factor in municipal decision making and policy implementation processes in Turkish context. Three municipal bureaucrats confirm the argument:

*“They don't affect our decision-making process anyhow. We have unionized personnel, but they continue with their jobs. They do not propose any difficulty. They are not involved at any stage of our planning or structuring processes and don't object to our policies.” (Head of Department of the MGCM 2)*

*“Unions do not have significant effects on our policies and decisions. We don't experience big problems with the unions. It is because we are fine with unionisation; we always support our workers and staff. We are among the municipalities that give the highest wage increases during the negotiations with the unions.” (Senior Municipal Bureaucrat of the MGCM 1)*

*“We don't employ unionised workers. They are subcontracted workers and they do not have union rights. It is maybe an issue for central government or the country but there was no single case in which our municipality and a union were in conflict.” (Head of Department of the MGCM 1)*



### 6.3.2 Union and Politics

Moreover, study findings also suggest that the political view of a labour union also plays an important role in establishing a relationship between the municipality and the union. There is a widely accepted fact that there are strong ties between unions and political parties in Turkey, and it shapes government policies regarding the labour market and the relationships between government institutions including municipalities and unions. Participants confirm a common argument that there are unions from almost every political idea and ideology and their supported political parties are well known for everyone. A municipal bureaucrat pointed out that every municipality wants to work with a union that has similar political views, especially during the collective bargaining process. From this point, it can be argued that to what extent unions can effectively negotiate with municipalities from same ideology for the collective agreement is a debatable subject. Consequently, it can be expected that these strong political ties between unions and municipalities and political parties highly affect the public service delivery as unions are divided into political factions.

At this point, one question arises: Why do local governments prefer to work with unions with the same political ideas? There could be several answers to this question; however, a union representative explains the main benefit clearly: *“If a union that has the authorisation of collective agreement is politically close to the municipality, the union does not immediately go out to the streets to protest against the municipality when a dispute between the union and the municipality emerges. In this case, we would criticize the municipality at a low level via the media and we would discuss our problems behind closed doors.”*

Other representatives from different unions also confirm the argument and depict how being a member of a politically strong union may bring advantages to municipalities and individuals:

*“Different unions are seen as supporters of different political parties. This not desirable but it is the truth. Unions are operating like extensions of political parties. There are some historical reasons behind it. No matter how you try to get rid of this perception, you can’t.” (Union Representative 3)*

*“Strong ties between unions and political parties are not right. However, it is a fact. If a union has many members, it is taken seriously and taken into account as an influential player. It is same for every public institution as for local governments. For example, we hear that some unions that are politically close to municipalities offer civil servants or workers a higher position at the municipalities if they change their unions. People change their unions in order to benefit from these offers. We can say that over the last decades, unions have become a place to have benefits and gain positions.” (Union Representative 4)*

### **6.3.3 Subcontracting System**

*“The subcontracted workers work for 12 hours a day, without paid holidays, without severance payment, without the right to unionize. It is a treatment like slavery. I am stating this as the Minister of Labour.”*

Faruk Çelik, the Minister of Labour

December 9, 2011

The subcontracting system (taşeronluk in Turkish) is widely used in public institutions and local governments. In this system, municipality contracts out the municipal employment for some services. Subcontracted workers do the municipal work under the responsibility of a private company in a qualified way in a determined time. In parallel with other countries, the state institutions and private firms in Turkey began to utilize subcontracting in the 1980s. Subcontracted employment expanded after the strike waves at the beginning of the 1990s, and significantly increased during the last decade. As declared by the Minister of Labour as an answer to a parliamentary question, the total number of formal subcontracted workers in Turkey was 1.361,673 in July 2014 (755.081 in the public sector; 606.292 in the private sector).

One of the main reasons of the widespread use of the subcontracting system was to minimise the power of unions. In the 1990s, municipalities were under the pressure of powerful labour unions demanding higher wage and better working conditions. During this period, local services could not be delivered for several

months because of the strikes, which threatened public order and health, especially in garbage collection. It was introduced to undermine the power of workers, which was necessary to reduce the labour costs. A district municipality officer shares the same argument:

*“In 1990, in Istanbul, the municipal cleaning workers went on strike, which resulted in garbage mountains. They used to have high salaries and good legal rights. State and municipal officers argued that the workers were paid well, they had significant legal rights but they did not work effectively. The state’s response was the introduction of subcontracting system and externalisation. However, it brought some drawbacks.” (District Municipality Officer 1)*

Since contracting out some public services became popular practice in these decades, further steps were taken to expand the range of public services to be contracted out and to enhance the marketisation of employment. As a result, the penetration of private sector styles of management practices into the public sector created a fragmented municipal employment structure which includes permanent civil servants and workers, subcontracted workers, municipal personnel with temporary contracts, seasonal and temporary workers, and workers employed by municipal affiliates and corporations.

The first important step was the Public Procurement Law (No. 4734) in 2002, which described a long list of services that could be contracted out ranging from maintenance, repair, and IT, to cleaning and transportation. Secondly, the amendment to the Law on Public Servants (No. 657) in 2003, made it possible for secondary services to be contracted out such as cleaning, catering, health, maintenance and reparation. As article 128 of the Turkish Constitution states that fundamental and permanent functions of the state are to be carried out by public servants and other public employees, a constitutional dispute started especially when it came to defining which public service should be regarded as fundamental and permanent, especially for the health services. However, in 2007, The Turkish Constitutional Court decided that the government needs the dynamism brought by private firms’ motivation for profit, competition and growth; hence, it is not possible to consider health services as fundamental and permanent. Without doubt, this case can be considered a benchmark for contracting out policies in Turkey.

Finally, the Labour Act Law (No.4857) promulgated in 2003 allows the public sector to recruit external staff to produce goods and services for which an expertise is “required for institutional or technical reasons”. Similarly, the Public Procurement Law (No. 4734) allows municipal corporations to assign some portion of the contract to subcontractors, providing it is stated in the procurement documents and the conditions and terms of the contract. Municipality Law and Public Procurement Law have openly contradictory articles prescribing the almost unconditional use of subcontracting in the public sector. In practice, the subcontracting of main activities, which do not involve any technological expertise, is quite common in both public and private sectors.

Municipalities in Manisa extensively use the externalisation of municipal employment via subcontracted workers. As municipal services are mostly labour intensive, the most extensively applied method of externalisation is to hire workers from a private contractor for some services. In other words, most of the efficiency gains from contracting out come from employing workers on lower wages through the externalisation of employment. It has become one of the prominent features of the externalisation of municipal services in Manisa Province. The extensive use of subcontracted workers is illustrated by the participants from different union branches in Manisa:

*“There is a significant increase. The number of subcontracted workers is higher than the number of civil servants and permanent workers at municipalities.”*  
(Union Representative 5)

*“Every public institution externalises some of their services. Permanent workers are very rare at the public institutions now. 15 years ago, Manisa Municipality had 400 permanent workers but now it has only 20-30. The MGCM now has 3000 subcontracted workers. Other districts have 800-1000 subcontracted workers on average. Most services are delivered by the subcontractors.”* (Union Representative 3)

*“I can observe that the subcontracting system is being applied extensively. We know municipalities externalise the municipal employment through contracting out, subcontracting and employing temporary workers at municipal corporations. While subcontracted workers numbered around 25,000 in 2002, they have now reached 2.5 million people in Turkey. This number includes*

*municipalities, state institutions and the private sector. It is a frightening number.” (Union Representative 4)*

#### **6.3.3.1 Intended and Unintended Consequences of Subcontracting System**

Municipalities are contracting out even the primary services that are directly their responsibility and are not requiring any technological knowledge and expertise in order to avoid the restrictions of the Labour law. It has promoted the widespread use of subcontracting since the conditions of this type of recruitment remain very vague. Indeed, these “institutional or technical reasons” are too broad for a concrete framework to be defined. In this system, a municipal corporation wins the municipal tender and assigns the services to a subcontractor.

Mayors stated that the high wages of permanent workers determined by the collective agreement between unions and municipalities are creating a fiscal burden on the municipal budgets, so it is economically rational to deliver some basic municipal services by subcontracted workers with lower wages. Municipalities now tend to be more in favour of subcontracting which involves fewer constraints during recruitment and dismissal, less pressure on wages and working hours and, finally, fewer obligations concerning occupational health and safety. In summary, based on the legal and regulatory structure, municipalities, in addition to hiring full time civil servants and permanent workers with full social benefits, can mobilize the labour force necessary to provide services by relying on more flexible and lower-cost means. This argument is clearly mentioned by some stakeholders:

*“We have the opportunity to employ workers at lower rates from the labour market. It is the reason for externalising the labour instead of employing permanent workers and civil servants. You can employ two workers for the cost of a permanent worker. Although it is criticised for paying very low wages in return of their labour, this is the current financial situation of local governments. We now have 4000 personnel. More than 2500 of them are subcontracted workers. We would not be able to employ 4000 permanent workers because of their high wages.” (Senior Municipal Bureaucrat of the MGCM 3)*

*“The number of the civil servants and municipal workers is around 1000. The rest are subcontracted workers. The municipality can employ 4000 civil servants or permanent workers but the cost of a subcontracted worker is much less than a civil servant’s cost. In one sense, it helps to reduce the costs; it is an advantage for municipalities.” (Union Representative 2)*

Another advantage of contracting out and the subcontracting system is that public agencies and municipalities can employ and fire the person they want without being subject to any restrictions such as cadres, exams, wages and contract terms. They can offer any range of wage, time or position to any one through a contractor. Two participants confirmed the argument:

*“If a subcontracted worker is not productive, you can change his department. However, you are not able to change a permanent worker’s position and department if he refuses to work at a department different from his original department. If you insist on changing his position or giving him another duty that is not defined in his contract, he sues the municipality for breaching the terms and conditions. No one wants to deal with it and to spend time on this issue. However, if a subcontracted worker is not productive, we simply do not renew his contract or we penalise the contractor. As he is aware of a possible job loss, he does not refuse to change department.” (District Mayor 3)*

*“Municipalities prefer to externalise employment because it gives flexibility to fire anyone without paying severance pay, to reduce costs and to hire anyone whenever they want.” (Union Representative 4)*

Another justification provided by mayors and other municipal officers is that municipalities prefer to contract out services because they want to surpass the quota brought in by Law No. 5393, which aims to reduce costs and impose fiscal discipline on local governments. According to the legal regulations, the number of personnel employed by the municipalities is limited by the overall budget of the previous year and expenditure on personnel wages cannot exceed 30 percent of the budget for municipalities with an urban population larger than 10,000. Another limitation brought by the central government through regulations is called “norm cadres”. The job definitions and requirements for each position, and how many personnel for each job definition a municipality can hire depending on the population and type of the locality is determined.

For services that fall outside the job descriptions of municipal personnel as specified by “norm cadres”, contracting out is required. Furthermore, Law No. 5393 provides that municipalities, in accordance with “norm cadres”, can hire individuals on yearly contracts. The law covers a wide range of professions and jobs related to health, veterinary, environmental, legal, educational, urban planning, technological, and technical services. Finally, the total number of seasonal and temporary workers from between 30 days and six months cannot exceed 40 percent of the total number of norm cadres. The majority of the respondents presented examples to explain why local governments prefer to employ subcontracted workers because of the quota brought in by legal regulations. Below are examples:

*“Municipalities cannot hire anyone else until their personnel expenditures are reduced. Moreover, if the excessive spending of a municipality is caused by over-employment, the deficit is to be personally compensated by the mayor. Contracting out municipal services provides a way to surpass the quota brought by the law.” (District Mayor 2)*

*“Municipalities can only employ a certain number of workers or civil servants, which is limited by the law. If they wish to employ more than the limit, they have to contract out the employment. That is why the municipalities extensively use this method. For example, the municipality corporation employs more than 200 workers. There is no chance of employing them at the municipality as a civil servant or contracted worker according to the current legal framework. Thus, limitation restricts the capability of a municipality to deliver services effectively. So, they choose to externalise services or to establish municipal corporations.” (Member of the MGCM Council 3)*

*“Mayors prefer to contract out the employment because of the limitation on the number of staff municipalities can employ.” (District Municipality Officer 2)*

However, the central government’s aim to stop the gradual increase in public sector employment has not been successful because this restriction has not reduced the employment and personnel expenses of municipalities. On the contrary, it has only reduced the total percentage of the unionised workers and civil servants in the total municipal employment, while increasing the number of subcontracted workers. There has been a significant decrease in the number of the civil servants employed by municipalities, which signifies that contracted workers are carrying out several

fundamental public services. This failure is mentioned and explained by some participants:

*“Some people say that the reason for introducing the subcontracting system was to reduce overemployment in the public sector including local governments. The expected outcome was that the public administration would be able to employ the exact number of staff actually needed because the greater flexibility derived from private contracts would enable public agencies to hire or fire workers without being restricted by Civil Servants Law. However, as long as you do not change your mentality, there is no way to achieve that goal. The result is overemployed municipalities with subcontracted workers. Nothing changes.” (Union Representative 1)*

*“Municipalities prefer to externalise local services such as garbage collection because they don't want to spend time in dealing with it and they believe it reduces cost. On the contrary, it increases the subcontracted employment. It became a major problem. The workers have been hoping to gain permanent positions. They don't have any job security, they earn very low wages.” (Deputy Governor 1)*

The municipal choice of employing subcontracted workers is also justified for its flexibility to employ more skilled and technical staff. This fact is expressed by many municipal bureaucrats such as the ones exemplified below:

*“I admit that we employ so many subcontracted workers because there is a big difference between a civil servant and a subcontracted worker in terms of productivity. When you try to employ a technical civil servant, his degree and his score at civil servant selection exam are the only criteria to get the job. However, when I hire technical staff on contract, I can set more criteria such as whether they use NET-CAD and other software. [...] we would not be able to conduct some of the current projects with civil servants. We are able to do it now because we conduct these projects with outsourced staff.” (Senior Municipal Bureaucrat of MGCM 4)*

*“We sometimes need expert staff, such as architects, in some of our projects. It is not logical to employ them throughout the year because we need technical*



*staff only occasionally. It would not be cost effective.” (District Municipality Officer 3)*

#### **6.3.3.1.1 Critics Against the Subcontracting System**

Firstly, one of the most common criticisms against the subcontracting system is that while there are two different types of workers (permanent workers and subcontracted workers) doing the same job at the same working place, the subcontracted workers are paid almost three times less than the permanent workers and civil servants. In addition, subcontracted workers are prevented from using their rights to join a union and to bargain collectively. The negative outcomes of the subcontracting system are summarised by a participant:

*“It is a bleeding wound not only of Manisa but also Turkey. It may be a proper system for other countries but it is not suitable for our country. Subcontracted workers and municipal workers do the same job but while a subcontracted worker gets a minimum wage, which is 1000 TL per month, a permanent worker gets 3200 TL. Municipal workers also receive other benefits from the state and municipalities in addition to their wages. In Manisa, the rent of a terrible house on the outskirts of the city starts from 500 TL per month. It is even worst in the city centre, starting from 1000 TL. If you want to live in the city centre, you have to spend your entire wage on the rent. If you want to live on the outskirts, you have to add extra transport costs that are around 200 TL per month. It is not fair; it is not just. The biggest burden is on the subcontracted workers in this system. It should be terminated; nothing is improved by this system.” (Union Representative 1)*

Interestingly, a private municipal contractor expresses the same thoughts:

*“The wage imbalance between permanent workers and subcontracted workers, who do the same job, is a long-standing problem. It is a failure of the system. You do the same job but a permanent worker or a civil servant earns much more than you.” (Private Contractor 1)*

Secondly, an important point noted by the opponents of the subcontracting system among the participants is that, in many cases, even if the contractor changes after a new procurement, the same workers continue to work at the same place. Contractors do not have any offices or units at the municipalities. Usually, the

municipalities provide the vehicles and the equipment used for service delivery. The contractor's function is only to pay the wages of the workers from their progress payments and their social security contributions. In reality, what the municipalities do is to hire workers rather than buy a service. Therefore, even if the contractor is replaced with another winner of a municipal tender, it is argued that the workers chosen by the municipality are not replaced and they continue to work with the new contractor. The majority of participants mentioned this practice. As examples:

*"If the municipality does not intervene too much in the contractor's business and the contractor's only aim is to deliver services, the externalisation is good. However, if there is an intervention in the contractor's employment policy and actions, assuming that the municipality has a right to do so because it made the contract, the tender does not make sense. If the municipality or mayor chooses the workers employed by the contractor, it undermines the effectiveness of externalisation and the productivity of the contractor. Let him choose those who are more productive." (District Municipality Officer 3)*

*"There are no disadvantages of externalisation for the municipalities. The current system is very practical for mayors and local politicians. They can choose the workers they want to employ, and they easily fire the workers if they need to." (A Central Government Officer)*

*"There is no actual responsibility of the contractor. What will change after winning the tender? The same workers will be working for the new contractor because the contractor will run its business with the workers whose names were already given by the municipal corporation." (Union Representative 2)*

On the other hand, contrary to the above arguments, private contractors, municipal bureaucrats and mayors reject the idea that workers are completely selected by municipalities. In addition, there was another argument proposing that working with the same workers after a new tender is not necessarily unfavourable and unethical because, in most case, it brings productivity and effectiveness in many aspects. The opinions of three private contractors on this issue are summarised below:

*"It depends on the municipality's choice. Usually, workers are not changed with the new contractor. Workers already have the required skills and specifications. It is a good thing for both sides to have local workers who have*

*work experience in that service and know the local conditions. It brings many advantages to both the company and the municipality. Usually, it is hard work for new workers to adapt themselves to the job and the conditions. We prefer working with the same workers.” (Private Contractor 2)*

*“Candidates apply to municipalities. We select capable people among them. There is no such thing as a list giving by municipalities to companies. Absolutely, it is just a gossip. There are all kinds of people with different political ideas. We don't take their political ideas into account when we recruit them.” (Private Contractor 1)*

*“The only thing municipalities impose is that workers should be selected from among local people. They put this condition into the contract. We select the workers.” (Private Contractor 4)*

In this sense, a municipal bureaucrat explains:

*“Workers are selected completely by the contractor. They give us a list of candidates and their CVs. We interview them.” (Head of Department of the MGCM 5)*

Thirdly, as the municipalities are the organisations where politics is the dominant driver of almost every decision, one common argument shared by stakeholders is that municipal corporations are a useful tool for the politicians to employ staff for managerial or political reasons, whenever they need. It is argued that the local politicians can be under pressure because of the promises they made during the electoral campaign or demands coming from relatives, political supporters and party members. Since it is usually impossible to meet those demands by using the municipality's personnel regime, municipal corporations have become a useful legal tool for arbitrary employment decisions. It is a new way of patronage, because the recruitment of permanent workers and civil servants has become a much more difficult process due to the introduction of an approval test for public servants (KPSS) in 1999. Most of the respondents confirmed that this kind of patronage is a useful way to gain political support from people. For example, a participant claimed that:

*“The executive organs of municipalities are elected by the local people. A candidate mayor visits people to ask for their electoral support. People who*

*vote for him or help him in his campaign want something from the candidate mayor such as employment of their kids, relatives or friends in return of their support. This is a well-known fact.”*

The following quotes from other participants are examples of these arguments:

*“I think the biggest motive for subcontracting is gaining political benefits rather than reducing costs and ensuring quality. The municipalities’ viewpoint is that they can employ three workers for the price of a civil servant or unionised worker. They can employ three workers among their political supporters to minimise political risks at the next election.” (A Local Politician)*

*“There are no disadvantages of the subcontracting system for the municipalities; rather it provides several economic and political advantages. The cost of the workers is less, and they can easily fire them. Political concerns play also an important role in employing externalisation models.” (Union Representative 1)*

*“I have not witnessed this, but we hear that some mayors employ their political supporters at the municipality in order to gain some political advantages. There is a common belief that any political party which comes to rule municipalities tries to gain political advantages by using employment policies.” (A Union of Chambers of Merchants and Craftsmen Representative)*

Fourthly, an NGO representative who has a close relationship with municipalities states that some subcontracted workers are not working at their positions defined in the contract. In practice, in some municipalities, local governments make a service tender to hire workers for cleaning services but only some of them are employed in cleaning services. Others are assigned to different departments to carry out different services, ranging from office staff and drivers to secretaries. Although duties and responsibilities are defined in the contracts, municipalities tend to give different duties to subcontracted workers. Indeed, because of the extensive misuse of the contracting out of employment, a new regulation prohibited public institutions from assigning duties outside of the procurement or contract terms. A respondent with long experience as a local politician explains the situation as:

*“It is not the case for every municipality. However, if a municipality does it, the majority of subcontracted workers in cleaning services are employed at*

*different departments with different duties such as office work, construction and park maintenance. This is wrong because it is not easy to take over the responsibility in the case of a workplace accident. This is the reason why mayors usually prefer to hire workers, rather than externalising the whole service delivery to an external provider.” (Member of the MGCM Council 3)*

The following statements of two union representatives further illustrate these points:

*“Subcontracted workers are sometimes employed at the offices doing office work like civil servants or even sometimes as a chief. A subcontracted worker was given a chief position at a municipality’s vehicle park a few years ago. There was no legal background to this assignment. In practice, those assignments are verbal assignments. [...]. In fact, the laws prohibit the public institutions to give subcontracted workers the jobs which civil servants should carry out.” (Union Representative 2)*

*“Subcontracted workers sometimes do the works civil servants are supposed to do. For example, they work in offices although they are recruited for garbage services. This is political clientelism. For example, politicians ask the municipality to employ him in an easier and better department. When inspectors come to the municipality for their routine inspection, they cannot figure out who works where because there are thousands of workers. Also, this would not be their priority among other issues such as fiscal things as inspectors have limited time.” (Union Representative 3)*

In contrast to the above claim by some of the respondents, a private municipal contractor pointed out:

*“It is a huge risk for the company considering the possibility of work accidents and other troubles. If a contractor refuses those demands coming from the municipality, the municipality cannot do anything and do not insist on this. They can only ask informally, not officially.” (Private Contractor 2)*

Respondents also argued that the practice presented above raises some problems in terms of the municipal staff’s accountability, especially when assigning subcontracted workers to different departments and giving them different duties from their contract. This is expressed by three of the participants in the following ways:

*“They bring a subcontracted worker and give him a higher position. The worker does not have the authority to sign anything and he is not accountable for any of his decisions. If anything goes wrong, the civil servant is put on a trial and sentenced. In one example, there was an investigation about a procurement. Everyone, including civil servants, was sentenced except the subcontracted worker because he did not have accountability. He was just fired. It was his only punishment. Civil servants are accountable for subcontracted workers’ faults.” (Union Representative 2)*

*“The heads of departments at municipalities are responsible and accountable. The subcontracted workers have no responsibilities and are generally not accountable. However, we are accountable for their actions if they do anything wrong.” (District Municipality Officer 3)*

*“Some subcontracted workers are trying to bully civil servants because they gained that position thanks to their political connections. A subcontracted worker who does not have authority to sign anything cannot play a boss figure. In some municipalities, they appoint some subcontracted workers as managers. He comes and sits in the office saying that I am the mayor’s man.” (Union Representative 3)*

Finally, the negative effects of the subcontracting system on economic and social rights of the subcontracted workers are the most mentioned problem by stakeholders. It is a well-known fact that the subcontracting system created some social problems accumulated over the years and reached an unbearable point. The subcontracted workers have no job guarantee and they earn very low wages. The conditions of the subcontracted workers are well explained by the participants:

*“If he was a municipal worker, he would stay in the job for the rest of his life. This is not the case for a subcontracted worker. They earn lower wages, and it is easy to fire them. It suits everyone’s interests, except the worker’s.” (District Governor 1)*

*“As a union representative, I am against the local governments’ practices of outsourcing the employment, and giving any duty to the subcontracted workers regardless of their contract [...] There is nothing worse than living with the fear of losing your job. Think about it, we both work at the same workplace.*

*Although we do the same job, you get 2000 TL; and I get 1000. There comes envy. Subcontracted workers' behaviours also change because of the distress. Their productivity decreases because they go to work with the same stress every day. They cannot make long-term plans; buy a car, goods or a house for their family. Every day is a new fear."* (Union Representative 2)

*"In Turkey's case, the subcontracting system is slavery and an exploitation of workers. We are against it. The subcontracting system is not good for our country. If a man does not have peace about his job, he does not have mental peace too. It is consuming people. They may die younger. There is no job security, social payments and compensation. Your destiny is between your boss's lips. It is against human rights."* (Union Representative 4)

*"They have no job guarantee and they earn very low wages. It is a big problem of the country right now. Subcontracted workers are not satisfied with the system. Nor are we. There is a mutual dissatisfaction."* (District Mayor 2)

On the other hand, some participants claimed that there are considerable benefits brought by the subcontracting system, which cannot be ignored. Although they accept the devastating outcomes of the subcontracting system, they strongly argue that it is hard to change or make big amendments in the subcontracting system because there are considerable benefits for all sides. In the words of a local politician:

*"The capitalist system wants it because it requires the exploitation of the labour; municipalities and mayors want it to reduce costs and gain political benefits; private companies want it because they make a good profit from the workers; citizens want it because they need job. Who is going to remove the system?"*

As an example of this point of view, a private contractor also expresses his ideas very clearly:

*"The subcontracting system is not slavery, I don't agree with this. People need jobs. It is a necessity. Not everyone can enter the civil service. Where would these people go? The government will regulate this system soon. The logic is that at least some of them will have jobs and it is good for public interest. It*

*was a good intention of the government at that time. However, unintended consequences have emerged.” (Private Contractor 1)*

## **6.4 Conclusion**

This chapter examined municipal corporations and the externalisation of municipal employment, which are other major externalisation practices of municipalities in Turkey. Municipal corporations have become a major NPM instrument in local service delivery especially after the establishment of GCMs in major cities in the 1980s. With its success in Istanbul, municipal corporations have been considered a useful and practical method of the externalisation of local services, because they are under private laws and not subject to restrictive public administration frameworks.

In Manisa, almost every municipality prefers to deliver some of their services through their municipal corporations regardless of their size. After the Greater City Reform, the MGCM and the newly established district municipalities established municipal corporations that would operate in some service areas because corporatisation is seen as a practical way to achieve service delivery targets in a short period. The majority of stakeholders agree that municipal corporations are useful and efficient way of delivering local services with the help of private sector business practices. In theory, the most logical explanation of the municipal choice in establishing corporations is that private companies are able to perform better, to generate extra revenues for the municipality by conducting commercial activities and to achieve efficiency and cost reduction claims, as traditional public bodies are unproductive and inefficient by nature. Although efficiency targets were among the primary reasons for municipal choices, my fieldwork notes postulate that avoiding bureaucratic constraints and having flexibility as a private company are other determinant reasons for establishing municipal corporations. What makes the Turkish case different is that municipal corporations are established mainly for practical reasons rather than economic concerns. These practical reasons become more obvious when municipal corporations are used to have greater flexibility in hiring employees and to fulfil some social needs of the local population. As seen in Manisa, there are several cases in which municipal corporations are being used to provide some goods and social services to the public at a lower price than the



market and to operate in some commercial areas where private companies have no interest because of sufficient profit. In these cases, the main motivation is to keep the citizens' level of satisfaction raised, rather than making a profit or reducing the cost of municipal services.

While municipal corporations have proved themselves to be a successful externalisation method in delivering local services in a quite effective way, this method has also some significant flaws which bring many disadvantages and unintended consequences. Firstly, the opportunity for spending money which remains out of public sight and the lack of effective external and internal auditing mechanisms over municipalities give way to the rise of lack of transparency, exploitation of the resources and corruption concerns. Secondly, externalisation of employment through municipal corporations is a widely applied practice by municipalities in the province since municipal corporations can employ and fire any staff without being subject to any restrictions; and offer them any wage, hours or position through contracting out or making a private contract. This practice is justified by mayors and municipal bureaucrats by claiming that civil servants and permanent workers are not productive because of their job security. It is also suggested that legal limitations on the number of civil servants and permanent workers that municipalities can employ leave municipalities no other choice but to contract out employment through municipal corporations in order to deliver their services effectively. However, it is claimed by many stakeholders that the flexibility and ease of corporations' employment procedures create a suitable environment to be exploited by local politicians in terms of clientelism and patronage. This reality creates a negative perception and public opinion towards municipal corporations, suggesting that abuse always occurs in municipal corporations.

Finally, the subcontracting system, a term is used for contracting out employment services of state agencies and municipalities in Turkey, is currently a problematic and debatable issue. It is negatively criticised by almost every stakeholder including mayors and municipal bureaucrats who benefit from its advantages regarding cost reduction and flexibility in employment policies. The complex nature of the relationship between municipalities and weak labour unions in terms of bargaining power have a significant role in deepening the problems of the subcontracting system. The study found that unionisation ceased to be considered a significant factor when local governments apply a mix of alternative service delivery models,

especially when employing subcontracted workers. In this context, labour unions have no significant effect on municipal externalisation decisions because they have limited power and cannot impose any threat to the municipalities because of the current legal framework and strong ties between unions and political parties in Turkey. All the negative outcomes of the country's subcontracting system on the financial and social rights of the subcontracted workers can be observed in Manisa province. As presented in the chapter, the unpleasant working conditions of subcontracted workers and their low wages can explain some of the main problems of the externalisation of municipal services in Turkey.

## **Chapter 7: Accountability, Blame-Shifting, Transparency and Corruption Concerns**

### **7.1 Introduction**

Empirical researches show that while the externalisation of local service provides several advantages to local governments in terms of efficiency, effectiveness and service quality, in many cases, these advantages may be overshadowed by corruption, accountability and transparency problems. In the first section of the chapter, accountability and blame-shifting issues in the case of poor performance of the contractor and a municipal service failure will be presented. It will also examine how citizens' and mayors' perceptions of accountability in public services affect the public administration in general. The second section will present transparency and corruption concerns in the externalisation of local services mentioned by stakeholders under some subheadings.

### **7.2 Who is Responsible?**

The municipalities aim to deliver services in a fast and effective way without giving up quality when they contract out services. However, contracting out inevitably involves a weakened direct organisational control over the actions of the contractors and their staff, which leads to reduced accountability. It is assumed that such weakened control is essential to the rationale of contracting out because external providers require greater freedom for efficiency. However, in the case of failures in service delivery and reduced quality of externalised services, the question arises as to whether the municipality or the private contractor should be held accountable. All participants confirmed the argument that while municipalities have the right to externalise services, they remain responsible for the way those services are provided, and so also remain ultimately responsible for dealing with any complaints. When the quality of service decreases, the reaction of the people will be directed at

the municipality and municipal managers, instead of holding the private company accountable for the service failure. For example, one of the respondents notes that:

*“Citizens don’t perceive poorly conducted services as a failure of the contractor. As per usual, they consider it a failure of the municipality, or at higher level, the state’s fault. If municipalities try to avoid responsibility, citizens won’t accept their arguments.”*

Similarly, two respondents pointed out that:

*“All the responsibility lies with the municipality because citizens are not concerned with who delivers the service. They do not know the private service providers.” (District Mayor 2)*

*“The municipalities cannot hide behind the contract or external providers because they are responsible both politically and legally. The municipalities have to audit and monitor the contractor’s performance. They cannot just claim that they did their part perfectly and it is the contractor’s fault.” (District Municipality Officer 1)*

As supportive evidence to the argument that when the quality of the services decreases, mayors are held accountable for the failure of an externalised service, a private contractor explains it thus:

*“Half the people do not know whether it is an externalised service or not. When a problem occurs, they hold the municipality accountable for it, especially the mayor. We know if there is a problem between the citizens and us; the municipality always defends the citizen. Citizens are always right.” (Private Contractor 5)*

The feedback from citizens plays a crucial role in managing the contracting out and decision-making process, especially when all other efficiency and economic indicators are of secondary importance because of the political expectations of the mayors and their political parties. If local people are satisfied with the quality of the services, they continue their support of the municipal administration; otherwise, they complain directly to the municipality or withdraw their support at the next election. This fact affects the way of solving problems between private contractors and citizens by mayors or other municipal bureaucrats. The reaction of local politicians

in case of a dispute between service providers and consumers is put quite well by some respondents, especially by municipal bureaucrats:

*“We made the tender and, at some point, we are responsible for the contractor we chose. The contractor does not care or takes into consideration citizens’ demands; they say that they are only accountable to the municipality. Therefore, citizens come to us and we intervene. We usually stand with the citizen if a dispute occurs between a contractor and a citizen. The citizens are always right.” (Senior Municipal Bureaucrat of the MGCM 2)*

*“Citizens easily complain to the municipality about a service when it is an in-house production, but they are not comfortable when it is an externalised service. If they are having a problem with the contractor, they tell the mayor their complaints and demands. Private contractors do not bother with citizens’ demands or complaints. The politicians are always held responsible for a failure in an externalised service; the citizens think that the mayor has the power to fix it.” (Member of the MGCM Council 1)*

*“The first person, who receives complaints about local services even if they are delivered by a private contractor, is the mayor. If they cannot reach the mayor, other bureaucrats deal with the complaint. They also convey their complains via phone, internet or personal petition. Municipalities consider the contractors’ problems as their own problems and they seek a solution and ask the contractors to find a solution. If a problem occurs between the contractor and the citizens, the municipality will always stand with the citizen, unless legal agreements dictate otherwise.” (Municipal Corporation Manager 1)*

An important point to note here is that prefectural actors contributed to the argument by explaining that citizens tend to hold the state itself responsible for ensuring the quality of local services, even if they are externalised or privatised by municipalities. This argument emphasises that the separation of responsibilities between governors, local governments and the private sector are not yet clear in the eyes of the citizens because Turkey has some unique characteristics stemming from the dynamics of interactions between a strong state and its citizens, the history of economic development and liberal democracy and the local government system. By giving some interesting examples, some stakeholders have demonstrated how citizens hold governors, who represent the central government and the state in their

region, responsible for the poor performance of private contractors. Based on his experiences, the Governor pointed out that even in cases where a privatised public service cannot be delivered due to the fault of the contractor, citizens expect governors to intervene and resolve the issue, and this is more evident in times of crisis, such as during severe winter conditions. Two respondents support this issue by stating that:

*“This has a place deep in our administration culture. Even if a private company delivers it, it is still a state service. So, our anger and sympathy will be also directed at the state officials. If the private sector fails to deliver public services effectively, it is perceived as the state’s failure. It is interesting that citizens hold the governor responsible for this. A failure in the service delivery method of the municipality creates problems for the governor. They think, as he represents the state, the governor should give orders and the mayor shall follow the order. They do not even recognize the contractor or don't care. Even if a municipality states that it is the contractor’s fault, they say who cares, I hold the mayor responsible, if I cannot find him, then I will hold the governor responsible.” (District Governor 2)*

*“There is an understanding of “father state”. Even if the duties and responsibilities are separated in each institution between governor, municipality and private contractor, in a crisis such as a failure in collecting garbage or keeping the roads open in winter, citizens start to accuse the governor, mayor or even the government. They don’t know whether it is contractor’s responsibility to deliver that service or not.” (Neighbourhood Headman 1)*

### **7.3 Transparency and Corruption Concerns**

Participants mostly mentioned that the advantages and benefits of externalisation only occur when the municipal tendering process ensures competition among the bidders, transparency, equal treatment and proportionality. They also emphasised the importance of making well-prepared and comprehensive contracts and conducting effective monitoring during the contract term in order to prevent abuses by the contractor. Almost every participant, including those are against extensive

use of externalisation, accepted the fact that externalisation can be useful and bring several advantages in terms of efficiency and quality if only corruption, transparency and accountability issues are solved. Some participants expressed their opinions very clearly:

*“The advantages of externalisation depend on the contract between the contractor and the municipality. I mean, during the procurement process, is a contractor offered a contract for his political closeness without being examined for his competence? Or is he offered a contract because of his good record from his previous jobs and his competency? This is what makes externalisation successful.” (Member of the MGCM Council 2)*

*“If we have a choice, we definitely prefer in-house production. With private sector involvement, there are always some abuses by contractors if you don’t prepare good terms and conditions and don’t monitor them effectively afterwards.” (District Mayor 2)*

*“There is always risk of corruption. I think the important thing is the approach of the head of the organisation. If he is careful and sensitive about corruption, no civil servant will be able to do anything wrong during the procurement.” (Senior Municipal Bureaucrat of the MGCM 2)*

All municipal bureaucrats and mayors emphasised that the tendering process is fair, transparent and open to the public, which means everyone can come and watch the tendering process. When it came to speaking about their municipalities’ practices, they all stated that a high level of competition is usually achieved during the tendering process; and the information about the tenders, which includes the price and the winner, is always published on their websites. They also underlined that the Public Financial Management and Control Law (No. 5018) has brought significant improvements in terms of the financial accountability and transparency of public institutions by emphasising fiscal discipline, allocation of resources in accordance with strategic plans, and provision of effectiveness and efficiency in the delivery of public goods and services. The law introduced new applications for local governments such as multiyear budgeting, the preparation of a strategic plan, the implementation of performance based budgeting, and the execution of internal control and audit within the framework of administrative accountability. Another important tool mentioned by stakeholders for ensuring transparency is the Freedom

of Information Law. Mayors and municipal bureaucrats argue that no mayor or official can dare to hide any information on municipal tenders and externalisation policies, as the Freedom of Information Law brought very heavy sanctions on mayors and officials who refuse or hesitate to provide requested information within 15 days. It is also emphasised that all relevant information about the municipal tenders is presented in their annual activity reports in which the revenues and expenses of the municipality are explained. At this point, most participants emphasised that they had heard or witnessed some bad examples in the public procurement system in terms of transparency and corruption, and that these bad examples are rarely seen nowadays thanks to improvements in the public procurement system. A district municipality mayor mentions the improvements in terms of accountability and transparency at municipalities over the last decades:

*“People talk about possible corruption or abuse when a municipality externalises its services. However, the audit mechanisms of municipalities have improved over the last decades. Internal and external audit mechanisms are applied to monitor municipalities. In addition, the Public Financial Management and Control Law holds the head of the department directly responsible and accountable along with the mayor. This has changed things. I think that corruption issues are now mentioned less because we have tighter measures to prevent corruption.” (District Mayor 4)*

Three private contractors who have won several municipal tenders in the past or currently have a contract with the municipalities also confirm these arguments:

*“We join the open tender and, as a rule, the lowest bid wins the tender. We face no problems during the procurement process. Besides, there is a ten-day period for appeals to the Public Procurement Authority. If there are no appeals or no other legal obstacles occur, then we sign a contract. The public procurement system works well.” (Private Contractor 3)*

*“We follow public tender announcements on the EKAP (Electronic Public Procurement Platform) website. We are interested in municipal tenders across the country. We saw the municipality opened a tender through its municipal corporation. We examined the contract, and decided to join the open tender. We won and signed the contract. I can say we have observed improvements in the public procurement system compared to the past. I think widespread bad*



*examples in the past helped these perceptions stay alive. This could be understandable in the past because communication facilities were limited and information was hard to come by. Now, with the internet, you can get information on every public tender.” (Private Contractor 4)*

*“A municipality opens a tender via Electronic Public Procurement Platform and we apply for the tender again via this platform. The lowest bid wins the tender, and everything is written clearly in tender documents. It is a very transparent process.” (Private Contractor 1)*

On the other hand, there are many counter arguments provided by other stakeholders. Some of them argued that the biggest disadvantage of the externalisation of municipal services is the possibility of corruption. It is claimed that the high level of politicisation of externalisation practices gave way to the rise in corruption problems in the municipal tendering process in the past and these examples helped grow a negative perception of externalisation. Some participants gave examples of citizens’ perceptions about corruption and abuse in the externalisation of municipal services:

*“The citizens’ main concern is not usually who delivers the local services. However, we can say that if a municipality externalises a local service, citizens believe that there is certainly some corruption and abuse going on there. They have negative opinions towards municipal tenders generally, claiming that the municipality gives the tender to their political supporters or there is corruption during the process.” (A Headmen Association President)*

*“Of course, there are always some critics against externalisation policies of the municipalities: you made a contract with them, you backed them up, you provided opportunities to them etc. If they are from the opposition, these criticisms become stronger and more frequent.” (Member of the MGCM Council 3)*

*“A municipal service was externalised immediately after the election, it captured everyone’s attention and citizens thought that there was certainly a gain or benefit for someone here. If a municipality radically changes service delivery methods and externalises its services, this perception easily occurs. Even if it is a right decision to externalise a local service in terms of efficiency*

*and effectiveness, it is not easy to convince the local people that it was just a wise and rational managerial decision.” (City Council President 1)*

Although the current administrations of the municipalities stated that they ensure transparency and competition during the tendering process, some stakeholders mentioned their concerns about transparency and competition during the procurement process. First, municipal service procurements are mostly won by their municipal corporations. There is no legal restriction for municipal corporations to join municipal tenders within the legal framework. To what extent it is in accordance with the main principles of the law is a debateable subject, especially in terms of transparency, competition and equity. Some participants also claimed that it would be naive to expect municipal officers to be fair and sensible for competition and transparency in the procurement process when their municipal corporation joins it. Secondly, there is a common concern that the majority of private contractors who win the municipal contracts usually share same political ideas and ideology with mayors.

However, the private contractors do not share these concerns. They all emphasised that the current procurement system does not allow exploitation and corruption during the tender process and it is impossible to predetermine who will win the tender. They also clearly underlined that they have never felt or witnessed any kind of political pressure during the procurement processes. Four municipal private contractors commented on this as follows:

*“Political ideas are not an important factor in winning a municipal tender because it is an open tender. We give our bids in sealed envelopes. We receive documents on a CD and download from the EKAP website. Every stage of the process is transparent. Anyone can come and watch the tender. We don’t feel that it’s a political process.” (Private Contractor 3)*

*“There is no political pressure on us, I have never heard of it. Every company from different political orientations may win. Whoever offers the lowest bid, wins the municipal tender. The Public Procurement Authority announces rates. There is a professional procurement system.” (Private Contractor 1)*

*“How can a municipality prevent a company, which gives the lowest bid, from winning the tender because of its owner’s political orientation? How can they*

*explain this officially? How can municipal officers sign the tender documents without having a fear of jail? There are many members of the tendering committee and they open all documents and envelopes in the presence of other bidders. How can you manipulate all of them?” (Private Contractor 4)*

*“These concerns are always mentioned but I have never witnessed such a thing during my career. If it is an open tender, bids are opened in front of everyone and there is usually a camera recording the tender.” (Private Contractor 2)*

Contrary to the mayors' and municipal bureaucrats' claims in terms of transparency, many respondents argued that citizens are not well informed about municipal externalisation policies and cannot get all the information of the tendering process, the details of the contract and the performance of the contractor. Some participants, while accepting the presence of some mechanisms for citizens to get the information about municipal activities, suggested that it is not always possible to get well-documented and detailed relevant information in practice. As three participants pointed out:

*“The citizens cannot obtain the information about externalisation policies and their implementation whenever they want. There are some legal arrangements for protecting freedom of information, but in practice, citizens are always obstructed when trying to access information. For example, as a president of local branch of a labour union, I requested the terms and conditions of a municipal tender but they created some difficulties for me. They cannot hide them forever anyway, if I insist, I will get them. However, they do not make it easy. This is a typical reaction of civil servants and public sector in order to protect themselves.” (Union Representative 1)*

*“There is no openly publicised data about the performances of private contractors or the externalisation policies of the municipalities. The only information you can get or they are willing to announce is whether tendering process is completed, whether the contractor finished the job and how much he is paid. No reports about the performance, no records about the service improvements or failures, no efficiency and effectiveness indicators. It is same for almost every municipality.” (District Municipality Officer 1)*

*“Municipalities hesitate to give the details of their tenders, contracts, payments and performances of external providers. They should explain the cost of the tenders and the reasons for the selection of contractors to the public in detail.”*  
(A Business Association President)

## **7.4 Conclusion**

This chapter examined the main disadvantages of the externalisation of municipal services in Turkey. As discussed in previous chapters, almost every stakeholder agrees that the externalisation of local service delivery has numerous advantages in terms of effectiveness, efficiency and quality on the condition that accountability, corruption and transparency concerns are minimised.

The study suggests that even if private contractors deliver municipal services, citizens hold mayors accountable and responsible for the poor performance of contractors. Stakeholders stated that citizens prefer to contact the municipality directly rather than seeking a solution with the contractor. This is mainly because citizens have little knowledge about their municipalities' externalisation practices. In addition, mayors do not follow the rhetoric of blame-shifting politics for fear of losing votes at the next election, as they are aware of the fact that citizens don't care who delivers the service or whether it's a contractor's responsibility or not. It is always the municipality to be blamed, in most cases the mayor himself. As a result, effectiveness and efficiency targets are likely to be of secondary importance in their externalisation decisions and implementations because mayors follow populist policies in order to remain in power.

Another striking find in the study is that even though local services are delivered by the municipalities or are contracted out to private sector, citizens perceive these services as state public services. In other words, there is no clear distinction between public institutions in the eyes of the citizens and in many cases; they hold all relevant state institutions including municipalities jointly accountable regardless of their duties and responsibilities. Expectations from governors and district governors in the case of poorly delivered local services represent interesting examples of this reality, even if these services are not governors' responsibility or duty. Local people may blame governors or hold them responsible for municipal

service failures, and they expect them to use legal powers and sanctions on both municipality and private contractors as a representative of the central government.

Lack of transparency in externalisation policies, clientelism and corruption concerns are suggested as the biggest disadvantages of the externalisation of local services. Accumulation of bad experiences and a high level of politicisation created a common perception in society, which suggested that the externalisation of local services has many flaws that may bring abuse and corruption. Even if municipal procurement process is transparent and fair and the winning contractor is the best and rational choice, there are usually corruption claims because of the mayor's strong political identity and the embedded relationship between mayors and their political parties. Moreover, even though there are some mechanisms which ensure citizens' participation in the municipal decision-making process and citizens' access to information on externalisation practices, these instruments are not functional and effective in practise. While municipal bureaucrats are reluctant to share information regarding financial issues and municipal procurements, interestingly, citizens also do not tend to use their freedom of information rights and to participate in municipal activities.



## **Chapter 8: How Does the Recent Decentralisation Reform Work?**

### **8.1 Introduction**

Law No 6360 (2012) came into effect with the March 2014 local elections in Turkey and created 14 Greater City Municipalities in Aydın, Balıkesir, Denizli, Hatay, Malatya, Manisa, Kahramanmaraş, Mardin, Muğla, Ordu, Tekirdağ, Trabzon, Şanlıurfa and Van provinces. With the reform, municipal borders of GCMs were expanded to the territorial administrative borders of the provinces. 559 municipalities with the population below 2000 were transformed into the status of neighbourhood. In addition, 16,500 villages in those provinces lost their legal personalities and were transformed into the status of neighbourhood. 26 new districts established within the borders of GCMs. SPAs were also abolished in Greater City Municipal jurisdictions and replaced by a new committee called Investment Monitoring and Coordination Directorate (IMCD). The staff of abolished municipalities and villages and their all kind of assets, goods, rights, and debts were transferred to the ministries, GCMs, public institutions and district municipalities. Finally, shares allocated to municipalities from the general budget tax revenue were rearranged.

With the reform, Manisa Municipality was converted into the MGCM and became responsible for delivering all the major local services to the whole province. In doing so, the majority of the duties of district municipalities were transferred to the MGCM. Moreover, two district municipalities were established in the city centre (Yunus Emre and Şehzadeler). The MSPA was also replaced by the Manisa IMCD. The duties and responsibilities of the abolished the MSPA were distributed between central government institutions, the MGCM and district municipalities. Finally, villages and small town municipalities were also abolished and transformed into neighbourhoods of the MGCM and district municipalities.

This chapter will examine to what extent the Greater City Municipality Reform (Law no 6360) has achieved its goals and how it works in Manisa Province. After analysing the policy and the motivation for the reform, intended and unintended consequences of the reform will be presented.

## 8.2 The Policy

*“There is a saying in the public now: there are only two things that mayors of GCMs are not capable of after the reform: hanging a man and publishing money.”*

(A Chamber of Commerce and Industry Representative)

There is a commonly accepted argument that the logic behind the recent decentralisation reforms was an attempt to transfer examples of good implementations of the Istanbul and Kocaeli GCM models to other provinces. Kocaeli was chosen as a pilot city prior to recent reforms and politicians and government officials clearly and publicly stated this aim. Respondents also argued that it was a long-term policy target of the government. For example,

*“The government has been trying to transfer successful experiences of Istanbul Greater City Municipality to other local governments over the last decade. It is clear that the Istanbul model is behind the reform. This is a political party approach to local service delivery, which includes the expansion of jurisdiction areas of central municipalities to provincial borders. It was the case in Istanbul and Kocaeli.” (Member of the MGCM Council 1)*

However, it is commonly argued that applying the same model (Istanbul and Kocaeli model) to every province without taking into account their geography, size and social characteristics was a wrong step. The argument is that although it can be the right model for highly urbanised and industrialised cities, other provinces, which have vast rural areas and districts remote from the centre, should be approached in a different way, making a distinction between agricultural cities and industrial zones. In this sense, since geographical, economic and social conditions are not same in each province, applying different metropolitan municipality models in each province would bring more effective local services and fewer problems. For example, in Istanbul and Kocaeli provinces, it is easy to deliver urban services to every corner of the province, as there are almost no rural areas in those provinces. However, it is not same (for example) for Trabzon and Malatya, which are mostly mountainous



with very few urbanised and industrial zones. These arguments were expressed by a majority of the respondents. As examples:

*“In another province, there are some highlands which is a 3-4 hour drive from the centre. How are you going to deliver municipal services to those highlands? The GCM put garbage bins everywhere in rural areas, but how are you going to collect them effectively?” (Senior Municipal Bureaucrat of the MGCM 3)*

*“One of the mistakes made was to apply the same local government model to every part of the country. We did not need to establish a GCM in every region; it was possible to apply different models. We did not need to close small town municipalities in some regions. Our conditions are not the same as Bursa and Kocaeli. The legal framework set the same rate for the council tax for Kocaeli and Manisa. It is feasible for Kocaeli, but how are my small and rural districts comparable to Kocaeli? Moreover, why should they collect the same rate from an investor in Selendi district as one in Akhisar district, which is rich and industrialised? It is not logical.” (A Senior Politician at the MGCM)*

*“While Turgutlu district has some kind of connection in terms of trade, social relationships, and geographical closeness with the centre, Demirci district, which is far away, does not have it. It could be possible to define GCM borders differently for every province, and district municipalities could deliver some services.” (Senior Municipal Bureaucrat of the MGCM 4)*

Some participants and bureaucrats I talked to about the reform argued that the final version of the law was not the initial intention of the government and it was somehow changed during the final stages of the law-making process. According to a senior government officer, in fact, the final version of the law was the last possible scenario during the law preparation process. The most commonly debated model was that only the districts with a good connection to the metropole would be involved and other places would continue as district municipalities. The second alternative was that only geographically close cities with good connections would be involved, and essential local services and duties such as water and transportation would be delivered by GCMs while others would remain as the responsibility of district municipalities. However, some participants claimed that current GCM mayors such as in Ankara, Istanbul, Kayseri etc. wanted to expand their areas of jurisdiction to the borders of the province, to become more powerful by cutting district revenues

and transferring more revenue to GCMs, influencing the government during the law preparation process. These arguments are clearly underlined by some participants:

*“GCM mayors want all the money in their hands, but district municipalities also have some duties. The mayors of big GCMs in particular made great efforts to block a change in the law. They justify their arguments by claiming that every major service in metropolitan cities is now conducted by GCMs.” (Union Representative 3)*

*“It is the biggest local government reform in the history of the republic and it has a correct logic. However, it is clear that current GCM lobbies did a great job in influencing the final version of the law. The first draft was not like that. With the intervention of those lobbies, the draft has evolved this way.” (District Mayor 4)*

The new law also received criticism on the subsidiary principle. In this context, it is argued that even though this reform would affect the lives of millions of people, other stakeholders were not in the decision making process - such as NGOs, other civil society organisations, and, most importantly, citizens via a referendum. Many authors and stakeholders stated that the residents of the dissolved administrative units had not been consulted, informed, or asked whether they wanted to be a part of another municipality. The main argument is that the approach was not obviously in the line with modern democratic principles such as governance and citizen participation. Here is a participant's opinion as an example of these criticisms:

*“During the law-making process or before the process begun, there was no committee work that involved representatives from every part of society. Only a few committees were formed which involved politicians during the law-making process, which is a routine for every new law. However, there should have been other mechanisms which involved unions, academics, and civil servants to create a public consensus. The law-making processes were conducted only by politicians.” (Union Representative 3)*

The GCM Law is also criticised by many for its poorly written nature and for seeking only short-term solutions to the problems. It is proposed that the reform is a highly incremental process. Critics focused mainly on the lack of defined targets or direction, stemming from the absence of clear government policy. Moreover, some

of the respondents underlined the argument that central government does not in fact want to relinquish power and most reforms have been conducted because of promises made by the government as a requirement of EU regulation and accession process. A participant pointed out that:

*“What are the targets we want to achieve with these reforms? Are we going to adopt a federal administration or to sustain the current provincial administration? Are local governments going to be stronger? What is the position of governors? I think these policies are just saving the day. We always try to solve problems in the next stage by making new laws. That is our solution.” (Senior Municipal Bureaucrat of the MGCM 4)*

A central government officer also described the incremental nature of the reform in the context of the relationship between local governments and central government in Turkey:

*“I don't think there is a serious consideration and preparation process behind all these reforms. It is a kind of incrementalism. There will be lots of new laws and regulations after this one. Moreover, after a few years, you may see another fundamental change and legal amendment. The relationship between local governments and central governments has been like a swinging pendulum since Ottoman times. They gather all power in the centre and afterwards decide that is not the best way, then they delegate the power to the local governments. Afterwards, no, it is not working either because local governments are now too powerful so let's take some of their powers back. We could not find a suitable spot where that pendulum stops swinging.”*

Another main area of criticism about the reform is that the reform has a very strong political agenda and it was expected to bring other gains in terms of election success. Some stakeholders claimed that one of the motives behind these reforms was to ensure the government staying in power by benefiting from the advantages brought by GCMs and their massive public work investments. The reform opponents also argued that the government wanted to win the next elections with votes coming from rural areas with the help of visible improvements in public services and massive scale public works owing to huge amounts of revenues provided to GCMs.

### 8.3 Intended Consequences of Greater City Municipality Reform

Ministers and members of parliament explained the aims and expected advantages of the reform during the preparation of the law. It was simply justified with the aim of delivering local services by more competent and special local government units with much bigger budgets. The government had a fundamental assumption that if the optimal scale is ensured, it is easier to achieve more effective local services and comprehensive city planning. The aims of the reform are clearly expressed in the preamble of the Law No. 6360:

*“The administration approach has changed with globalization, and new values emerged with this transition. The administration approach which is based upon effectiveness, efficiency, citizen-focused, accountability, transparency, participation, and decentralization comes to the front side as the basic principle for the public administration reforms in many developed countries. One of the justifications of the metropolitan municipality is concerning with not the provision of the planning and coordination affairs because of the large number of local governments’ existence at a specific geographical area and poor utilization from the economy of scale that leading to the waste of resources. It is seen that small-sized local governments having inadequate financial resources and incapacities at service provision cannot solve the problems stemmed from industrialization, transportation, and environment. This situation prevents the effective and appropriate usage of resources and leads to serious administrative problems not only at small settlements but also at big cities having a high population density. Lacking strong local government that will produce effective local services lead to the emergence of the problems such as not meeting the hopes of the local citizens concerning the provision of qualified public services, and lack of coordination at the delivery of the public services. In this context, the existence of strong local administrative formations that can produce services in optimal scale is entailed in terms of administration, planning, and coordination.”* (The Preamble of Law No: 6360, 2013, pp. 1-3)

### 8.3.1 Better Service Delivery

GCM reform is justified by many respondents as it has provided many advantages in public service delivery. First, it is suggested that it provides better public services for citizens compared to the past. Participants provided some examples of better public services such as easy and cheap public transport from the districts to the centre, huge public works to improve water services and roads, cultural and art activities in districts provided by the MGCM, easy reconstruction permits and so on. A headman asserted that:

*“When it was a village, we used to do small works with a limited budget. We had big problems in finding money for even minor works. Now that the MGCM has better and experienced teams, they do it better and faster. We are receiving better services, the MGCM will make a city plan for us, and they are collecting our garbage. Although it is still new, we are already experiencing better public services.” (Neighbourhood Headman 2)*

Similarly, other participants point out that the reform has provided many advantages in public service delivery:

*“Before the reform, the MSPA was responsible for the maintenance of the village roads in rural areas. There were few road signs in those areas. Now the MGCM has provided the road signs on all rural roads. Another example is that there is a huge difference between the budget of the MSPA and the MGCM for asphaltting the village roads. The revenues given to the MSPA were inadequate. The MGCM has better conditions and revenues.” (Head of Department of the MGCM 2)*

*“Unfortunately, cemeteries had been poorly maintained, especially in the villages. When the MGCM took over the duty, it has shown great progress in maintaining cemeteries. Another highly appreciated service of the MGCM is the burial service. Citizens don’t have to do anything else after applying to the MGCM.” (Head of Department of the MGCM 5)*

### 8.3.2 Better Revenues for Local Governments

GCMs were given huge revenues with the new law by providing them extra tax income such as six percent of the collected tax in the city and by cutting district municipalities' shares. Participants argue that as GCMs have become very powerful in terms of budget, they are able to carry out public works on a much larger scale, to solve bigger problems in the region in the line of current legal frameworks and to take on big projects which were impossible to conduct with the limited budgets of district municipalities. For example, a senior prefectural actor underlined the fact that the MGCM has been transformed into a very powerful administrative structure in terms of financial and legal opportunities; a public body which can deal with many problems that they were not able to cope with previously. Many stakeholders mentioned these advantages with examples, as two participants explain:

*"The most important advantage of the reform is the GCMs' ability to conduct large scale public works. The MGCM has already begun to conduct major works in our district. It was previously impossible for the district municipality to do this on its budget."* (Vice Mayor 2)

*"Establishing a GCM is the right thing for cities such as Manisa. First of all, the revenues of municipalities increase and their budgets expand. Consequently, it means that the city will gain momentum and develop faster. Even this particular outcome is enough to justify establishing a GCM. Additionally, it contributes to the city's vision. GCM status attracts both investors and provides opportunities for tourism."* (District Mayor 6)

### 8.3.3 Better City Planning

Before the reform, it was suggested that GCMs would bring many advantages in city planning. It is a commonly accepted fact that local governments have not performed well in good and proper city planning over the decades, which resulted in complex urban problems in cities. Although the main reason for this failure was the populist policies of the mayors who were following their political targets, the lack of central planning that caused different city planning approaches in each city created major urbanisation problems. With the law, the MGCM is responsible for city planning in the province and has the final word on the city planning decisions of the district municipalities. A majority of the stakeholders mentioned this advantage, and the

Governor of Manisa described the potential benefits of the reform in terms of city planning:

*“One of the biggest benefits of the reform is related to city planning. We see very different results from different city planning approaches in the field. However, city planning has to have a logic, a plan and harmony. We hope the MGCM can achieve desired integrity and consistency since it is the only authority for city planning. It should be one of the biggest positive outcomes of the GCM reforms.”*

Municipal actors also explained the advantages of the reform in city planning. As examples:

*“There were 68 small town municipalities in addition to district municipalities in the province. There were different city planning implementations resulted in chaos. For example, a small town municipality gave permission for an industrial zone but it did not have any treatment units. It is against the environmental planning zone. There are so many examples like that. In summary, it is a right thing to have only one institution to plan all cities in the province.” (District Mayor 1)*

*“As the final city planning decisions are taken by the MGCM Council, the quality of city planning has increased. The members of the district municipal councils do not even know how to hold a planning map. Even though technical staff inform them about the plans, their approaches are so different. Since the reform, the district municipality councils are not completely free, because there is another institution that can turn their city planning decisions down.” (District Municipality Officer 3)*

#### **8.3.4 Centrally Planned Local Service Delivery**

Participants also mentioned other advantages of the central planning of local services by one local government, especially for transportation, water and sanitation services. The assumption behind the argument is that a powerful local government can organise local services on a broader scale by using the advantages provided by the legal framework. In another interpretation, the MGCM has brought many

advantages in terms of economies of scale. Centrally planned local services are also important to ensure the standardisation of local services in every part of the province in order to provide the same quality of service for every citizen. For example, MASKI is authorized by law to be the only public body to plan and operate water and sanitation services in the province. A member of the MGCM Council explain this:

*“Before the reform, it was very hard to reallocate water resources of a village to another village in need, and usually courts had to resolve these disputes. Now, MASKI has the authority to operate all water resources in the province. It can establish a big drinking water facility by sharing one water resource with ten different units. In addition, water services that used to be delivered by small facilities are now delivered collaboratively by building pools or lakes.” (Member of the MGCM Council 3)*

A head of department of the MGCM noted that as the scope of the tenders and the area for local services expands, bigger and better companies participate in the tender process, so the municipality is able to open a tender for 30 villages or the entire district at once, thus, completing public works quickly. A private municipal contractor supports this argument by stating that:

*“Some services should be delivered only by GCMs. In some cases, a fragmented service delivery structure is created, which negatively affects service performance, because the municipalities work with several different contractors and have different implementations. One company is more effective in this sense” (Private Contractor 2)*

However, some participants postulated that the expected advantages of central planning have not materialised in some aspects after the reform. They claim that even though GCMs have the authority in many service areas, they still have to get permissions from other public institutions for some of their operations, which undermines the power of GCMs in central planning. A senior municipal bureaucrat of the MGCM claims that other legal regulations prevent the law from achieving its goals:

*“For example, the law makes us responsible for improving agriculture by building lakes for animals in the highlands. However, the municipalities have*



*to get the permission of the Forest Administration or the State Sanitation Authority. I wrote an official letter to them. They just simply rejected it. The law gave me this duty; I am supposed to plan everything here.” (Senior Municipal Bureaucrat of the MGCM 3)*

### **8.3.5 Improved Accountability of Decision Makers**

Finally, some participants argued that the GCM model is better in terms of the accountability of decision makers, as now accountability claims can be directed to the right person who actually holds the power. In previous model, although a governor was not the president of a SPA Council which comprised elected politicians from the area and had little influence over the budget decisions of the council, it was the governor held responsible and accountable for services in the jurisdiction areas of the SPA, and was expected to solve any problems regarding public service delivery. Governors are usually the first person to be blamed by politicians for anything that goes wrong. In this sense, some participants argued that if politicians govern a system in practice, as was the case in the SPA Model, accountability and responsibility should be directed at politicians alone. In summary, most stakeholders stated that a local government ruled by an elected politician is a better way to resolve accountability problems and concerns. A participant explains how the reform will affect local politics and the accountability of politicians:

*“SPAs were mainly administrative bodies and they were bound by the government’s allocation. They did not expect votes from citizens, so they did not get much criticism. Now, before the next election, when politicians will go to a village to ask for their electoral support, villagers will ask what they have done for their villages. Municipalities need to show good performance in villages to gain their votes. Politicians cannot blame governors or other state organisations anymore. The politics in Turkey goes in that direction. Politicians have to work more.” (Vice Mayor 1)*

## 8.4 Unintended Consequences of Greater City Municipality Reform

### 8.4.1 Incomplete Organisational Structuring Process

The law established an alienation commission which was responsible for the distribution of goods, assets, vehicles and staff of abolished local governments to other local governments or state institutions. There were some concerns about the commission's decisions in terms of appropriateness and timing. Some participants, especially bureaucrats of the MGCM, have argued that the decisions of the Alienation Commission have contributed to negative outcomes of the reform in the transition process as many decisions of the commission were taken to court. Municipal bureaucrats of the MGCM explain their arguments:

*“Some mistakes were made during the alienation process. The decision of the Alienation Commission regarding the distribution of the assets, goods and staff of abolished local governments was taken only three days before the election. If it had been published before, the MGCM could see what had been transferred to it and could start to plan its organisational restructuring. It would have known which vehicles and personnel it would get. It learnt how many vehicles, buildings and staff were transferred three days before the election.”*  
(Senior Municipal Bureaucrat of the MGCM 3)

*“For example, while the commission transferred the ownership of an irrigation system to a district municipality, it was given to the MGCM in another district because of its huge debt. In another district, the commission gave it to a cooperative. It did not set some standards.”* (Head of Department of the MGCM 1)

*“The Alienation Commission did not satisfy either the district municipalities or the MGCM; many decisions of the commission were taken to court.”* (Head of Department of the MGCM 2)

Most of the problems in organising local service delivery are caused by the fact that it is still too soon to restructure the organisation and service delivery network. It was because local governments were not provided sufficient preparation and transition time before the law came into effect. Moreover, the measures were ineffective to

ensure the continuity of local services at the same level of quality as before the reform. A participant from the MGCM summarises the process and explains why the law has failed to establish an adequate system immediately after the reform:

*“Although the law was passed at the end of 2012 and there were 14 months until the election, no adaptation process was provided. On the day of the local election, 30th March 2014, more than 800 villages, 60 town municipalities, the MSPA and Unions for Providing Services to Villages were abolished. The next morning, all district municipalities became responsible for delivering services to rural areas of the districts, and the MGCM became responsible for the entire province. However, the MGCM was not provided enough time to establish an organization to deliver services within this huge area. This created service interruptions, which took us one year to overcome. Citizens suffered from the incapacity of both district municipalities and the MGCM, until the municipalities took necessary steps. This is the biggest drawback of the reform. It is a technical mistake of the law.” (Senior Municipal Bureaucrat of the MGCM 3)*

Another senior municipal bureaucrat at the MGCM explains the outcome of this sudden transformation of the local government system in Manisa, which created undesired results in some areas, in more detail:

*“Let me summarise it: They suddenly transformed Manisa City Municipality into a GCM, and established another two district municipalities in Manisa City Centre. They extracted three municipalities from a single municipality. The staff, goods and assets were distributed to these two municipalities. Moreover, as the law gave the duty of delivering water and sewerage services to the MGCM for the entire province; a water and sewerage administration (MASKI) was established and so on. Now everyone is experiencing a shock. The MGCM will be institutionalised, will do its budget, they will get used to the idea and people will get used to it. Now it is not easy for a district municipality mayor who were acting freely in his jurisdiction area to get used to it. In summary, the legal changes have some drawbacks.” (Senior Municipal Bureaucrat of the MGCM 4)*

As a result of the problems during the restructuring and transition period, the quality of some services has decreased and there were some service disruptions.

Stakeholders commonly suggested that municipalities need at least a couple of years to restructure and solve the problems:

*“I think all newly established municipalities need at least two more years to settle down. They have huge amount of revenues and some new advantages but they do not yet have staff competent enough to handle these newly acquired resources. However, governing a municipality requires simple and fast decision-making and policy implementation processes. You cannot act as the other state institutions do.” (Vice Mayor 1)*

*“The geographical area is huge and there are still several areas which do not receive effective services. People in villages are accustomed to village life. The reform has set a new model in villages, renaming them neighbourhoods. There are some obstacles we have not been able to overcome. Probably our first 5 years will be about restructuring, detecting the problems and adaptation. We have been living in a period of inexperience and apprenticeship.” (Head of Department of the MGCM 5)*

As mentioned above, stakeholders stated that the sudden transformation of the local government system without providing enough time to adapt is the main cause of most of the problems and it had so many negative effects on the local governments, administration culture and people's lives. It is suggested that the government did not take the effort to prepare society and the organisations, or its efforts did not help achieve a successful transition process. Another problem mentioned was that the reasons and the necessities for the reform were not generally discussed in public; many people, even mayors and local politicians, had no clue what the reform would bring and change in the local government system. A district mayor expresses how this sudden transformation affected district municipalities and district mayors:

*“These municipalities could not adapt to the new situation. One morning we woke up and became a GCM. Imagine you had some assets and goods but one morning you lost everything. Why? It was because they were given to another municipality.” (District Mayor 4)*

This sudden transformation process also heavily affected other government organizations in the province. The MSPA, which used to conduct public works for almost every public service in rural areas, was abolished with the reform and its

assets, goods and staff were transferred to the municipalities and other state institutions. A senior prefectural actor pointed out that the reform affected the organizational capacity and effectiveness of the MSPA because the MSPA lost its budget, mechanisms, and legal identity. He also noted that this rapid transformation posed problems for citizens as well as the MSPA.

#### **8.4.2 Lack of Clear Responsibilities and Duties of Municipalities**

The problems with the implementation of the law clearly revealed that many problems have been caused by some poorly defined criteria determining the duties and responsibilities of municipalities after the reform. Stakeholders mostly complained about the lack of detailed and clear definitions and certain boundaries between municipalities' service areas. Moreover, the law also came under criticism for giving so much initiative to mayors of GCMs and GCM Councils in the alienation process of assets, roads and parks. It means that the law left almost all the initiative to the political arena, in which it is generally impossible to reach a consensus. The problems caused by the lack of detailed and clear definitions were felt strongly in the provinces, including Manisa, where the majority of the GCM Council and the Mayor are not from the same political party. Currently in Manisa, the AKP holds the majority of the MGCM Council and the Mayor is from the Nationalist Movement Party (MHP). From the point of the MGCM, two participants summarised their arguments:

*“The power of the MGCM Council, especially in terms of the ambiguous parts of the law, is a highly debatable subject in Manisa. The law states that main roads, streets and parks should be transferred to the MGCM but the Council does not want to follow this article. The law explains which roads should be left to GCMs in the first section. However, at the last sentence, it says that the GCM Council decides the criteria. This is where the problem starts.” (A Senior Politician at the MGCM)*

*“There should be more clear definitions of the responsibilities of municipalities. For example, the animal shelter problem between the MGCM and district municipalities remains unsolved. The MGCM won in court and the Ministry of the Interior issued an opinion. However, the district municipalities are not interested in spending money on animal shelters because they do not have*

*enough funds in their budget. They want GCMs to deliver this service. The law gives permission to district municipalities to deliver this service but there is no enforcement. There are no clear guidelines.” (Head of Department of the MGCM 5)*

A member of the MGCM Council corroborates what they argued:

*“There are no clear definitions and rules in the law regarding which parks, roads, streets and squares should be taken by whom. It uses terms such as broad road, large square, and park; however, there is no definition of what large means. In addition, the term ‘large’ can be different for every city. There should be more definite criteria for them.” (Member of the MGCM Council 3)*

The conflict between the MGCM and district municipalities regarding the alienation of streets and parks is one of the most mentioned problems by respondents. According to the law, the MGCM Council is the authority to decide the alienation of roads and streets. The law also states that the GCM Council should solve the disputes between district municipalities and GCMs regarding responsibilities and duties. As there were no criteria, which would help determine which parks, roads and streets were going to be alienated on which basis, numerous disputes emerged between district municipalities and GCMs. The alienation of the roads and streets has become a major subject of conflict in the province. Participants suggested that municipalities intended to keep or take over prestigious and well-maintained roads and parks. Two district mayors explained the reasons for the dispute and why it has become a major problem between the MGCM and district municipalities:

*“The MGCM wants well-developed streets for itself because it won’t need to do any further spending on them. In addition, it will use those streets to place billboards to promote its public relations and advertising activities. On the other hand, districts municipalities also do not want to give the MGCM these good streets. [...] Every municipality wants to have public parks with good advertisement opportunity in the centre.” (District Mayor 2)*

*“The MGCM wanted to focus on the city centre and it delivers services mainly to the centre. The alienation of the roads is important because they still need to be maintained and repaired. There are some roads need to be improved in my district. Since we did not have enough revenue to finish these*

*improvements after the election, the MGCM should have taken over these roads. However, the MGCM tried to minimise the number of roads they took over to avoid the financial burden. They should have understood our situation and helped us to make things easier but it would be naive to expect this in the current political climate.” (District Mayor 4)*

Another major debate was whether the roads of distant parts of villages (named as neighbourhoods after the reform) should be considered a part of village road network or not. There are some small residential areas, which comprise a few houses miles away from the centre of the villages, but are attached to the villages. According to the law, district municipalities are only responsible for the maintenance and construction of neighbourhoods’ (previously villages) inner road network, while GCMs have responsibility for the construction and maintenance of main roads between the villages and the centre of districts. However, it is not clear in the law whether roads to these small and distant parts of neighbourhoods should be considered part of the neighbourhoods’ main road network. During the alienation of vehicles of the MSPA, no vehicles were given to district municipalities with the assumption that district municipalities would be able to handle the inner village roads with their current vehicles and equipment. This is a good example of a lack of clear definition of service areas in the law, which is labelled by the majority of stakeholders as a major problem of the reform. Two participants explain this in greater detail:

*“There must be standards and criteria such as length or width for determining the roads. By exploiting the gap in the law, the MGCM claims that it is only responsible for the main roads from district centres to the centres of neighbourhoods. However, some villages and small town municipalities comprise several small residential areas which are a considerable distance from a village or town centre. The distance in some places is 10 km. The MGCM considers this 10 km road an inner neighbourhood road and holds the district municipality responsible for this road. However, we did not receive any vehicles, equipment and funds for this during the alienation process.” (District Mayor 2)*

*“At the current point, what are the duties of a GCM? While citizens do not know which services they will receive from whom, some services are not delivered efficiently because of this uncertainty. Because of these legal gaps, drawbacks*

*and problems, some services still have not been delivered effectively; {...} We observe that citizens are suffering from this conflict. Think about it, a GCM maintains the road until the entrance of the neighbourhood, but it stops there. It does not ensure the unity and integrity of the services. I think this is a wrong approach of the law.” (Head of Department of the MGCM 2)*

A majority of the participants illustrated how the lack of clear definitions of duties and responsibilities in the law affected the public services. In many cases, it went beyond a simple dispute over duties and reached an undesired point where local service delivery is negatively affected. As three participants explain:

*“In some cases, the district municipalities or other institutions claimed that works of the MGCM were actually under their responsibility. For example, there was a serious dispute among the district municipalities and the MGCM over agricultural irrigation drilling systems. As another example, the law gave the duty of establishing and operating animal shelters to the MGCM but did not appoint any institution to collect animals from districts and villages. There were serious debates in the MGCM Council between political groups. Consequently, these disputes were taken to court.” (Head of Department of the MGCM 1)*

*“Although there are many positive outcomes of the reform, there are also some negative outcomes which should be fixed, especially relating to revenues and duties of the municipalities. In some service areas, the duties and responsibilities of the municipalities are not clearly defined. Consequently, we are having problems, legally and financially.” (District Mayor 1)*

*“The Greater City Law is not a detailed and descriptive law. There are some problems in defining the responsibilities of the municipalities and many issues were left in the dark and undecided. There are many debates going on in the Council over the duties and responsibilities of municipalities. There is no consensus among local governments because of these unclear phrases and sentences.” (Member of the MGCM Council 3)*

#### **8.4.3 Centralised Rather Than Decentralised?**

The reform was also justified by many politicians claiming that there was a need for minimising the power of central bureaucracy. The abolishment of the old traditional bureaucratic structures, such as SPAs, by delegating their powers to local



governments was proposed as a fundamental solution. The logic behind these arguments was that local governments could deliver public services more effectively, as local governments are closer to citizens and can decide what is best for the local people. It was also justified by the belief that central state institutions are slow and not able to see the real problems of the provinces from Ankara, which results in a waste of time and resources. By delegating some powers and providing huge revenues to GCMs, it is expected that public services can be delivered in a more efficient way and problems locally can be solved faster. The transformation of old bureaucratic structures would result in faster, decentralised and flexible local service delivery organizations that would take advantage of managerial ideas and geographical proximity. However, a district mayor mentioned the unintended consequences of the reform, claiming that it seems now local services are centralised, rather than decentralised. At first glance, although it seems that such a centralisation brings many advantages for the service delivery network, many respondents postulated that it created many unintended consequences because of the drawbacks of the law and its implementation. Similarly, a participant argues:

*“It is still central. The MSPA was abolished in the centre, and the MGCM was established in the centre. Similarly, now the MGCM tries to deliver local services to a village that is a 150 km from the centre.” (Senior Municipal Bureaucrat of the MGCM 4)*

Critics mainly focused on two major problems with this issue: Firstly, every stakeholder stated that the distance between the centre of Manisa and some districts and villages presents a major obstacle for effective service delivery, especially for the remote villages and rural areas. District mayors explain how geography and distance affect local service delivery:

*“Our main problem is related to Manisa’s geography. The centre of the province is located at the far west and there is a huge rural area on the east of the province. Therefore, the MGCM is having difficulties in delivering services to far and remote areas of the province.” (District Mayor 3)*

*“When the distance from the centre gets longer, some problems arise in delivering services, especially in the districts. Neighbourhoods in rural areas of my district experience problems in some services such as the maintenance of cemeteries and pest control. We know that the condition of cemeteries which*

*were maintained by the MSPA has gone worse since the reform because the control mechanism of the services has become difficult from the centre.”*  
(District Mayor 6)

From the point of the MGCM, a participant describes how geography and distance affect local service delivery in practice:

*“The law shut down every fire service department at district municipalities and gave this duty to the MGCM across the province. We are experiencing the lack of staff and vehicles now, as all staff of fire service departments was transferred to other municipalities and state institutions during the alienation process. We are now establishing 51 new fire service units in the province because we are not able to reach mountain villages and remote areas in case of emergency. There was a fire in a village of a district; we were unable to reach the fire for 42 minutes because we had to send a fire engine from district centre. This is a big problem for the MGCM. It took one year for us to establish these units.”* (Senior Municipal Bureaucrat of the MGCM 4)

Secondly, some mayors explained that poor performance of municipalities in some service areas after the reform was the result of a wrong judgement by the law maker, as there was no need to give responsibilities to the GCMs for small services such as cemetery and burial services, which could be delivered easily and more effectively by district municipalities with minimal budget and limited resources. While accepting the fact that GCMs can perform better in some services which require macro planning and huge funds, and it is important to benefit from a larger geographic scale to reduce costs and increase effectiveness, mayors argue that minor, low-cost and uncomplicated services should be returned to district municipalities. In this context, GCMs should deliver big public works and essential services such as city planning, water, sewerage, roads, and transportation in order to ensure the integrity and central planning. It is especially important for remote and rural districts, because delivering such services from the centre of province which is hours away from the districts is simply considered a waste of time, money and resources. Having said that, it would be logical to expect remote and rural districts to be empowered financially and treated differently in the system in order to ensure the same level of quality in local services as that provided in urbanised areas. The following comments are examples of these opinions:

*“While aiming to decentralise public services, it seems they are more centralised instead. Problems which used to be solved in districts by taking the initiative cannot be solved locally anymore. I accept that a GCM can do macro planning for local services, but it is not logical to hold a GCM responsible for delivering cemetery and burial services in districts. They should be delivered by citizen’s local authority.” (District Mayor 2)*

*“GCMs should do greater jobs as the name is ‘Greater’. They should do macro level planning and huge public works etc. However, pest control in villages or districts is not the kind of service a GCM should deal with. It cannot deliver it effectively. For example, a district municipality, which is 4 hours away from the centre by bus, used to deliver cemetery and burial services, fly and mosquito control services, water and sewerage services and so on. More than half of its duties were taken away and transferred to the MGCM, another municipality located 4 hours away. It is debatable whether this situation is in accordance with the principles and aims of decentralised local service delivery. I accept that it is very useful for strategic and urban planning to solve urban problems and use resources effectively. However, what kind of benefits arise from the transfer of cemetery services to the MGCM?” (District Mayor 6)*

A senior municipal bureaucrat of the MGCM supports this opinion by stating that GCMs should deliver big public works and essential services in order to ensure the integrity and central planning:

*“We can provide technical assistance for some services if they are delivered by district municipalities, however, principally we should not be dealing with minor services such as cemetery and funeral services. We should focus on bigger problems such as water and sewerage, public transportation, rail systems, city planning, garbage collection and tourism. GCMs should be the elder brother. Like an umbrella covering district municipalities and other small town municipalities.” (Senior Municipal Bureaucrat of the MGCM 1)*

As a solution to this problem, some stakeholders suggested that abolished small town municipalities’ status should be restored, as the closest units should deliver public services. On the other hand, the majority of participants accepted that it would not be logical to support the existence of 3,250 municipalities as there were before the law because it is just a waste of resources. Some stakeholders also pointed out

that small town municipalities were in debt, without having enough staff or vehicles to be able to deliver even essential services; however, there were other small town municipalities which had important resources and were performing effectively.

As a counterargument, other respondents argued that, in theory, a GCM can effectively deliver every service, small or important, because it has better revenues and a professional organisation. Their main argument was that district municipalities were not able to deliver even minor services effectively as they were usually in bad financial situations, didn't have enough staff or they lacked a professional approach. A member of the MGCM Council summarises these arguments:

*"We have to discuss whether district municipalities delivered those services effectively; did they have enough revenues to do it? It does not matter which municipality delivers those services. What matters is the effectiveness of the service. In our district, there were no significant improvements in cemetery services, there were no plans to open a new cemetery zone, and there was no recording system. Now at least, the MGCM has started to plan these things. They have opened new cemetery zones in the villages and conducted some maintenance and repair works because they have enough revenues."*  
(Member of the MGCM Council 3)

#### **8.4.4 Increased Bureaucracy and Paperwork**

Another set of critics mainly focused on increased bureaucracy and slow workflow after the reform, which clearly contradicted the targets of the reform that promised better and faster local services for citizens. It is argued that the reform had increased bureaucracy and paperwork especially for citizens living in the districts, instead of making life easier for them. As an unintended consequence of the reform, it is suggested that the reform created a huge, slow and bureaucratic organisation, rather than a flexible and fast service delivery mechanism.

Firstly, before the reform, small water, sewerage and infrastructure problems in rural areas and villages used to be solved locally with the help of the coordination of the local institutions such as SPAs, district municipalities and district governorships. District municipalities and small town municipalities were more responsive and used to deal with problems fast as they had the advantage of proximity. In addition to these technical advantages, municipalities were under more pressure from local

politics and their potential voters, which forced them to deal with problems quickly. Interestingly, a senior bureaucrat of the MGCM confirms these arguments:

*“For example, in Saruhanlı district, there were 13 town municipalities. They were able to deal with small problems with their limited but effective resources immediately after they occurred. After the reform, the MGCM only has a small coordination unit in Saruhanlı, which is responsible for the city centre and fifty neighbourhoods. In the past, the problems were solved faster. They used to know the city and neighbourhoods and their problems. However, now we have established MASKİ and restructured the organisation. When there is a drinking water pipeline malfunction in Saruhanlı, we do not even know the location of main water facility and pipelines. However, the technical staff of Saruhanlı municipality used to know every inch of the water system. They would intervene faster.” (Senior Municipal Bureaucrat of the MGCM 4)*

Secondly, increased bureaucracy and paperwork was another outcome of the reform according to many respondents. During the restructuring process, the MGCM established coordination units in every district. As expected, newly established GCMs have set new workflows for their services and begun to implement their own work procedures as well as bringing a more professional approach to local service delivery. These new procedures and organisational restructuring have replaced the old work plans and communication channels for citizens. This new organisational structure is accused by many as being slow and bureaucratic which creates a lot of paperwork. One respondent exemplifies this situation:

*“Now, bureaucracy, formality and paperwork have reached a high level. A neighbourhood headman sends a petition to MASKİ. Afterwards, it comes to the MGCM Council to be discussed. The Council sends it to a special committee to be examined. It comes back to the Council again. It takes several months. There must be a faster mechanism to solve the problem. If it was a district municipality, a citizen could speak with the relevant local officer, and probably would have a solution in a short period of time due to informal relationships.” (Member of the MGCM Council 2)*

A district mayor asserts that the reform has increased bureaucracy and paperwork for citizens living in the districts:

*“Now, citizens first have to speak with a coordinator, later with the head of a department of the MGCM, thirdly with the General Secretary of the MGCM and finally with the Mayor. They can finally reach an authorised person who can solve their problem after six stages. Consequently, the aim of the reform regarding reducing the bureaucratic levels between citizens and the decision makers has not materialised. It seems that making public institutions closer to the citizens, which is one of the targets of decentralisation reforms, is not an outcome of the reform. It has certainly increased bureaucracy and paperwork.”*  
(District Mayor 2)

A district governor expresses the same thoughts from the perspective of prefectural actors:

*“For example, in villages, the village headman used to deal with problems in water services by using the money of his institution asking help from the district governorship or district municipality. Now, he has to call 180 and inform the MGCM of the problem and the MGCM calls its coordination unit in the district. It will take at least five hours to deal with a problem in water pipelines. The MGCM staff will not go out to the field to repair it if it is out of working hours. Previously, jobs were done faster and it was more practical. Now, GCMs charge villagers a lot of money to use municipal services, but provide slower services. Workflow in some services is slower because most municipal operations carried out in the districts require an authorisation from the MGCM.”*  
(District Governor 2)

#### **8.4.4.1 MGCM Coordination Units**

During the restructuring period, GCMs have established administrative units in every district centre, which are called “Coordination Units”. The MGCM was the first GCM that established a coordination unit in each district. Although there was no strong legal ground for this establishment, the MGCM appointed a coordinator to each district and gathered all staff who are in charge of delivering services of the MGCM in that locality. The staff are both under the supervision of the related department of the MGCM and the coordinator of the district. The MGCM bureaucrats explained the reason for establishing the coordination units as a need for coordination in the field

in order to deliver services effectively. They emphasised that the coordination units were established mainly to coordinate the relationships between their departments and to enhance the collaboration with district municipalities. A senior politician at the MGCM explained the reasons for establishing the coordination units:

*“We’ve overcome service delivery problems raised by the distance from districts. Some districts are two hours away from us. The problem was that there were days when two different vehicles of the MGCM went to same district without knowing each other. There were huge coordination problems and a waste of time and resources. We had to do something. We first appointed a coordinator. We got a cadre from the Ministry. Antalya GCM later followed the same path.”*

Despite the fact that it was an administrative decision of the MGCM, the coordination units have become one of the most controversial issues in the province. The majority of participants, including politicians and bureaucrats of the MGCM, mentioned that the establishment of these units raised some political conflicts and debates in districts. These debates have been exacerbated by the poor performance of the coordination units in their early days. Critics against the coordination units mainly focused on their political and bureaucratic nature.

Firstly, as clearly stated by mayors, they are perceived by district mayors and other local politicians as political rivals, another political power within their jurisdiction area, and an “alternative municipality”. During the fieldwork, I was told that during a public ceremony in a district, the coordinator claimed that he should be given a seat just next to the district governor, the mayor and the garrison commander as he represented the MGCM. Moreover, many stakeholders suggested that the coordinators are chosen carefully among political figures who are potential candidates for mayor of district municipalities in next election. Two district mayors explain why the coordination units create problems in the districts:

*“If district mayors and the MGCM were from the same political party, there would not be a need for the coordination units. In some districts, the district mayor and the MGCM mayor are from same party, and the coordinator is more like a civil servant under the supervision of the district mayor. We should not forget that there is another municipality delivering the services in the district. It creates some coordination problems. For example, snow clearing on roads;*

*the MGCM urged us not to perform snow clearing activities on roads within their jurisdiction area. The citizens demanded snow clearing service from our municipality because the MGCM was having difficulty. GCMs are not comfortable with this because they think that we will get the credit and appreciation.” (District Mayor 2)*

*“We are like two rival shops which sell same goods to the same market. There is serious competition between district municipalities and the MGCM and they blame each other for the failures. The coordinator is like a civil servant for the MGCM, he has no authority to take the initiative. He has no right to speak about his personal choices; he cannot stand against the decisions of the MGCM which are not beneficial to the district. It becomes worst if he has bad intentions and political motives. It is like parallel municipalities in conflict with each other. We asked the coordination unit here for a fire truck, they did not give us. A district mayor doesn’t have the right to demand a fire truck, you can only request kindly.” (District Mayor 3)*

Similarly, another participant pointed out that:

*“There are two local authorities in the district. The coordinator behaves like a mayor because he is in charge of delivering essential services in the district such as water and sewerage. He has lots of staff and resources. Even the coordinator and the district mayor are from same political party, the coordinator is more concerned about his political future. Why did you establish another municipality in the district? How are you going to coordinate them?” (Deputy Governor 2)*

Interestingly, some bureaucrats of the MGCM also confirmed the mayors’ political concerns over the coordination units. From the point of the MGCM, two municipal bureaucrats explained how the coordination units caused political conflicts in districts:

*“The coordination units may cause some political conflicts. In a district where the district mayor and the GCM mayor are from same political party, the district mayor may intervene in the operations of the coordination unit, seeing the coordinator as one of his staff. On the other hand, a district mayor from another political party may say that an alternative municipality is established in the*



*district and feel that the coordinator threatens his authority.” (Senior Municipal Bureaucrat of the MGCM 4)*

*“We cannot say the coordinators are performing well. If you give this position to someone in order to prepare him as a candidate for the next election, it won’t bring correct outcomes.” (Head of Department of the MGCM 4)*

Secondly, as previously discussed, the coordination units are highly criticised for their bureaucratic nature which creates unnecessary distance between citizens and the MGCM, slow work flow and increased paper work. Local politicians mentioned that the coordination units have increased bureaucracy and paperwork because, before the reform, a citizen or a village headman used to apply to district municipality or governorship and they were able to find a solution in the district. However, after the reform, citizens must follow certain procedures to reach the MGCM and to gain permissions because coordination units cannot take the initiative to resolve many issues. Three participants from the districts explained what ‘increased bureaucracy and paperwork’ means:

*“As the coordinators appointed by the MGCM in districts are chosen among civil servants or workers, they cannot take the initiative as much as politicians do. The coordinator will hand the issue to his chief, the chief will speak to the head of the department, then the Deputy General Secretary will be informed, he will speak to the General Secretary of the MGCM. It goes like that until it comes to the Mayor. There are so many levels. It is impossible to resolve problems and issues quickly. People have to knock two doors now. It is a waste of time and labour force.” (District Mayor 2)*

*“The coordinator has no authority to spend money. He takes the project to Manisa to get an authorisation and comes back. He cannot even pay expenses here. It is just a total waste of time. GCMS should delegate some of their authority to the coordination units.” (Vice Mayor 1)*

*“For every issue, they always want to ask the centre and get permission from them. Even for a simple issue, they are afraid of taking the initiative.” (District Municipality Officer 2)*

On the other hand, the politicians and bureaucrats of the MGCM did not agree with the criticisms of the coordination units; in contrast, they believed that the units

provided many advantages. While accepting the fact that there were some conflicts between district mayors and the coordinators at the beginning, they stated that it was no longer the case, after the areas of duties and responsibilities became clearer. They argued that district mayors could not get over the idea that the municipal services they used to deliver are now delivered by someone else. In terms of increased paperwork claims, they explained that the coordination units ensure that petitions and demands of citizens in the districts are delivered to the MGCM quickly, so citizens do not need to go to Manisa. The following comments are examples of their arguments on this subject:

*“We have benefited a lot from these units. This organization needs strong and hardworking people. The MGCM does not want civil servants who work just 8 hours a day. Every coordinator is in charge 24/7, in case of emergency. People who desire a political career want this position. The outcomes of this practice are positive. Now, I know that there is a man in a remote district, who is hardworking and caring as I am.” (A Senior Politician at the MGCM)*

*“We are the first GCM applied this method. It is very good practice but we received criticism from both sides. The district municipalities ruled by our political party has also criticised coordination units. As the responsibilities and duties of district municipalities and the MGCM are not clear, the mayors felt that they were kept in the background and put in a secondary position and that they lost their power in the district. They even asked whether their position is equal to the coordinators’ position. We explained that we needed to coordinate things in the field in order to deliver services effectively. We also explained that the coordinators are just administrative managers and these units are not alternate municipalities. We received strong criticism, but I think it is settling down now.” (Senior Municipal Bureaucrat of the MGCM 3)*

*“It is working effectively now. All services of MASKİ are delivered in the districts by the coordination units. It is very important to solve problems quickly and effectively in districts. If there are big problems which the coordination units can’t handle, the MGCM intervenes in the process.” (Member of the MGCM Council 3)*

Finally, as an unintended consequence; the reform has created very powerful GCM Mayors who are not easy to be reached by local people, and strengthened the

position of GCM bureaucrats in practice. While the reform aimed at making local governments and politicians closer to local people in order to ensure better decision-making process and efficient local services, it is argued that it has created instead a huge bureaucratic organisation. Interestingly, a senior politician at the MGCM was among the participants who defended this argument. As he argues:

*“The worst thing with the reform is that the people who can connect with the citizens and who have close relationships with local people are removed. The members of GCM Council have no function; they just raise their hands in the meetings in the line with their political party decisions. The heads of the departments and General Secretariat are carrying out the business. The most important and effective figure of the system is the Mayor but the citizens are not able to reach him. The General Secretary is no different from a governor or a district governor. He is a bureaucrat. Therefore, people who actually listen to the citizens at the MGCM are very few. The aim of the law was to strengthen the local politicians; in contrast, it has strengthened the bureaucrats.”*

In addition, a district mayor mentioned the bureaucratic structure of the MGCM:

*“In districts, they can easily reach everyone at the municipality, mayor, vice mayor, heads of departments etc. However, those communication channels at GCMs are closed. This situation is not consistent with the principle of local governance. The citizens cannot tell their problems and cannot find an answerer.” (District Mayor 6)*

In summary, although one of the aims of the reform was to delegate the services to local governments that are closer to citizens, which would increase efficiency and effectiveness and reduce bureaucracy, the reform did not bring about this intended outcome. Some participants further claimed that GCMs did not want to share some of their power with district municipalities because they are more concerned about the next electoral term.

#### **8.4.5 Increased Political Conflict**

##### **8.4.5.1 Political Conflict Between Mayors of GCMs and GCM Councils**

Political conflict between the Mayor of MGCM and the MGCM Council was considered by all participants to be an unintended outcome of the reform. During

my fieldwork, it was a popular subject for debate among the public and a much discussed topic in the local media as well. Although the law suggests a 'strong mayor model', the majority of the municipal council can belong to another political party according to current electoral system, as is the case in Manisa. It is especially important because the law allows the council to delegate some local services to district municipalities. Moreover, the council is assigned to solve disputes between district municipalities and GCMs. Consequently, the disputes between the mayor as the head of the municipal administration and the council are usually taken to the administrative court by both sides. Some participants summarise the situation:

*"This issue is very important. Almost every MGCM Council meeting is eventful. Why? The Mayor and the majority of the council are from different political parties." (Vice Mayor 2)*

*"The law gives the MGCM Council authority in many areas. If there is no collaboration and harmony between the council and the MGCM administration, it creates obstacles to effective service delivery. For example, our political party gives a proposal to the council regarding the maintenance of a road and the council decides that the road should be maintained by the MGCM. Later, the MGCM objects to the council decision and takes it to the governor to decide. The governor says that it is not their legal responsibility and he has no authority to decide. Therefore, the Mayor brings the issue back to the council to re-discuss. If the council stands firm on its previous decision, it is taken to the administrative court by the MGCM. It is all waste of time." (District Mayor 2)*

*"There should be political harmony between the mayor and the council in order to have an effective system. There is this political difference between the mayor, the council and even the speaker of the council. Even small and simple issues are not resolved in the council meetings because of these disputes. It affects local service delivery mechanism in a negative way. There are so many issues taken to the administrative court." (Member of the MGCM Council 1)*

The election of GCM Council and the relationship between the mayor and GCM Council are considered by many to be the weakest part of the system. As in the Manisa case, if the majority of the council and the mayor are not members of the same political party, potential conflict between the mayor and the council may easily

affect the local service delivery and creates a conflicting political climate in which harmony and consensus are not easily achieved. There were several suggestions for overcoming this potential problem including establishing a new electoral system. Interestingly, several members of the MGCM Council suggested that the education level of council members is directly related to the high level of political conflict in the council meetings; therefore, only well-educated people should be allowed to become a member of the council.

#### **8.4.5.2 Political Conflict Between Mayors of GCMs and District Mayors**

Another major political conflict is the conflict between mayors of GCMs and district mayors. Some participants underlined the potential conflict between mayors because of their different political targets and motivations. They suggested that different political targets and political career expectations of mayors eventually become a drawback of the system, as they lead to a conflict of interests among the mayors, regardless of their political differences. Many local politicians stressed that political conflicts occur even between mayors from the same political party. For example, a participant argues that the conflict between GCMs mayors and district mayors is a drawback of the system:

*“This is a drawback of the system; even if a mayor of district municipality and a GCM mayor were from the same political party, there would still be conflicts on many issues. We have ‘the Strong Mayor Model’. These problems are not going to end because political approaches are dominant in local service delivery rather than rational ones. Even if the district mayor and the GCM mayor were working closely and cooperated fully, their team and staff would still be provoking each other. There is always competition between municipalities.” (District Governor 3)*

Some other participants also explain how the system may produce political conflict between mayors:

*“It is more difficult in such places where GCM mayor and district mayors are elected from different political parties. There are also some problems between the mayors from the same political party. I have some district mayor friends in other provinces, who are complaining about GCM mayors. They say that GCM mayors see them as a political rival within the same political party and a threat*

*at the next election. It is because GCM mayors have extreme power and big budgets, it results in some arbitrary decisions and implementations.” (District Mayor 6)*

*“Even if GCM mayor and district mayor was from same party, there would be similar problems, although this time problems could be solved mainly in political party dynamics. One major reason of that is the lack of clear and detailed responsibilities and duties of municipalities in the law. The mayors of GCMs do not want any voice higher than theirs in the council meetings.” (Member of the MGCM Council 1)*

As shown above, the tension and conflict between the districts and the MGCM were frequently mentioned during my fieldwork. Since politics is a major and prominent factor in Turkey’s local government experience, political conflict and discord between district municipalities and GCMs shape the outcome of the local government policies. It is a commonly accepted argument that current political conflicts reduce the effectiveness of local services and jeopardise the aims of the reform. Two municipal officers who perform important duties within the structure of local service delivery explain how this conflict affects local services:

*“The political differences between GCM Mayors and district municipalities cause delays. Their main concerns are unfortunately political ideas and party objectives. This creates different priorities for local service delivery. This is a general problem in Turkey.” (Municipal Corporation Manager 1)*

*“We are having a real problem in ensuring the coordination between the MGCM and district municipalities. I am not just talking about political parties. The institutions of the municipalities did not get used to the transfer of responsibilities and duties. GCMs and district municipalities should be partners in delivering services, working in complete coordination and harmony. Sometimes, the MGCM had to refuse to meet the demands of district municipalities. Some district municipalities see the activities of the MGCM as disadvantageous to their political agenda. Some of them even say that the MGCM is too prominent in their district.” (Senior Municipal Bureaucrat of the MGCM 3)*

A union representative shares his observations regarding the political conflict between local governments in the province:

*“I don't think the law is good and fair. If we look at the centre of Manisa City, there are three municipalities in the centre but local services are not as effective as expected. They are in conflict with each other. There are disputes over the streets and parks; they are trying to ruin each other's achievements. It is highly felt by the people and it affects them” (Union Representative 4)*

#### **8.4.5.3 Conflict Between GCMs and Central Government**

Local politicians and the bureaucrats of the MGCM claimed that political differences between a GCM and the central government may create drawbacks in many areas. There have always been concerns and claims in the history of Turkey's local government, suggesting that central governments use every means to ensure that municipalities from the opposition are not successful enough to win the next election. The heads of departments of the MGCM complained that they are having difficulty in obtaining the permission of other state institutions for their activities or it takes too long to receive replies, which makes them think there is a political motivation behind these delays or rejections. Some senior bureaucrats of the MGCM argued that even though central government conducted decentralisation reforms to delegate some of its powers to local governments, it always designated the legal framework in a way to intervene or keep control over local governments and never intended to delegate total power in many areas to local governments, especially in city planning. In this sense, these procedures seem in contradiction with the reform which aimed at benefiting from the advantages of centralised city planning. They further claimed that the central government uses its powers and legal rights to bypass the authority and power of the MGCM. Two senior bureaucrats of the MGCM claim that politics can play a major role in the relationship between a GCM and the central government:

*“Central government intervenes in city planning too. It is the MGCM which will deliver water and sewerage, garbage collection and transportation services to a new satellite town in the centre of Manisa City, but Housing Development Administration, which is a central government institution, takes the decision on establishing a new satellite town. Central government can control every municipality ruled by different political parties and can dictate its wishes. In*

*Turkey, local governments have to get permission from state institutions for almost every issue related to public works and public services.” (Senior Municipal Bureaucrat of the MGCM 4)*

*“Is not it a dilemma or a contradiction when central government disregards a GCM’s decision on determining an urban zone by having the authorisation of cabinet in order to conduct an urban transformation programme? The central government wanted to empower local governments and remove all kinds of tutelage. It is like giving something with a spoon, but taking it back with a ladle. In the end, it is a destruction of the principle of centralised city planning.” (Senior Municipal Bureaucrat of the MGCM 3)*

#### **8.4.6 Decreased Power of District Municipalities**

With the expansion of the jurisdiction of GCMs, the ability of district municipalities to maintain good budgets was restricted along with some of their legal rights and responsibilities. In addition, their revenue sent by the Ministry of Finance was transferred to MASKİ. The reform is highly criticised by district mayors and respondents living in the districts, who suggested that district municipalities have lost almost all their functions because their revenue was reduced. When the transition process caused delays in services, stakeholders began to question whether it was necessary to minimise district municipalities’ powers and responsibilities. As Manisa is a mainly rural province and the districts hold a big portion of the geographical area, the poor performance of the district municipalities led to a perception of a mass failure of local services in the province. Some respondents even claimed that district municipalities have become like a department of a state institution. As a natural observer of the process, a senior prefectural actor illustrates the situation:

*“Especially district municipalities are not satisfied with the reform. They argue that they do not have any duties now, except for garbage collection. District municipalities do not have sufficient resources and revenues. They want to do more public works, which are not their duties, because they still have old habits. I guess the MGCM is not able to meet their demands in that way.” (Deputy Governor 1)*



District mayors mostly complained about the decreasing power of district municipalities. They suggested that reduced revenues of district municipalities and the loss of their authority in some service areas have heavily affected them and their operational capacity. According to district mayors, the law should be revised and district municipalities should be given more power by increasing their revenues. Three district mayors clearly express how the reform affected district municipalities and how district mayors felt about it:

*“We don’t rule a municipality anymore, we rule a crisis. We were capable of doing everything before the law, now we are not. We cannot take any initiative. It is not easy to accept the fact that we have become a tiny part of a GCM. We are talking about 100 years of experience and memories of an institution. All these habits and practices have suddenly changed.” (District Mayor 4)*

*“District municipalities have no capacity to act freely, even if the mayors are from the same political party. District municipalities are surrendered to GCMs. If a district mayor needs to go to Manisa to find a solution and ask for their help; if a district mayor is not able to solve the problems of his districts on his own, what was the point in making a reform?” (District Mayor 2)*

*“Currently, the position of district municipalities is like a department at GCMs. The citizens hold district mayors responsible, but the MGCM has all authority. You have the drum but the stick is in another person’s hand.” (District Mayor 6)*

In parallel with losing some of their duties and responsibilities, district municipalities’ revenues were reduced in the reform. Financial problems of district municipalities are considered the biggest drawback brought by the reform and seen as a mistake and unforeseen outcome of the reform. District mayors suggested that some district municipalities will not be able to deliver local services and may even go bankrupt unless there is an amendment in the law to improve the district municipalities’ financial situation. Mayors mostly underlined the fact that district municipalities are important public institutions that have an organisation, staff, and population to be satisfied. A district mayor explains how reduced income has influenced the role and functions of municipalities, in addition to its impact on service delivery:

*“We used to be the biggest stakeholder in every activity of other local or state institutions and NGOs in the district. We were part of every social and physical development of the city, without being concerned whether it was our duty or not. When I was walking in the street, if anyone asked me something, we were able to do something about his demands or complaints. I am very sad about this situation now. I am not talking about garbage collection or sewage management. It is beyond that. We were able to remove political differences and make people believe it is our municipality. It is sad; all those experiences were ignored and have been lost with the reform.” (District Mayor 4)*

Mayors also emphasised that their jurisdiction areas expanded and they had lost more revenues than their current services required. It was claimed that district municipalities could not currently even run their ordinary works, and were having difficulties in paying their staff's salaries. District mayors explained to what extent their revenue decreased and how it affected their organisation. The following quotes from three mayors provide in-depth information about this:

*“With the reform, the population living in our jurisdiction area almost doubled; now we have four times more neighbourhoods. The financial situation of the district municipalities should be improved to meet the needs of this population, by contrast, some municipal facilities which used to generate income such as water administration, coach stations, market halls, slaughterhouses were alienated to the MGCM. Now these revenues are collected by the MGCM.” (Vice Mayor 2)*

*“Our biggest problem is the financial deficit as the majority of the revenue in this system is received by the MGCM. The share provided by the Provincial Bank is not enough for our standing costs. Forty percent of the Provincial Bank share is also reallocated for the MGCM services. All district municipalities, except those who can produce income thorough urban planning practices, are in very bad financial situation.” (District Mayor 6)*

*“Although we now have only parks and gardens, construction and cleaning services, they all require funds. Villages and small town municipalities in our district were joined our jurisdiction area. Our jurisdiction area was almost doubled. We cannot increase the number of the workers but we have to deliver services to a larger area. We are trying to deliver all municipal services with*

*less revenue, which was three times higher before the reform. That amount used to be spent only for the city centre, however now we have to deliver services to whole district.” (District Mayor 5)*

In addition to the above evaluations from mayors, a union representative describes the financial turmoil that district municipalities are experiencing after the reform:

*“District municipalities still deliver essential local services such as cleaning and maintenance of public parks. The cost of cleaning services takes the biggest proportion of the budget. To my knowledge, two big district municipalities spend 13 million TL for cleaning services per year. This is a huge cost, but they have to deliver this service. There is a contradiction here. You give this responsibility to district municipalities but you cut their revenues. The MGCM have 250 million Turkish Liras in their deposit. The MGCM can deliver all the services in the districts with this amount, if it wants. However, district municipalities are not able to pay even the salaries of their staff. We visit 17 district municipalities regularly because of our union activities. They are all complaining about it regardless of their size and political orientation.” (Union Representative 3)*

Some participants, especially district mayors, suggested that the central government should make amendments in current state revenue sharing with local governments in order to end the political conflict between district municipalities and GCMs. They believe that increasing the revenues of the district municipalities will help to resolve the problems experienced at this point in the reform and will facilitate consensus and coordination between local governments in the province. The Governor, for instance, stated that GCM Model and centralised city planning should be maintained, but district municipalities must be empowered. The following statement of a district mayor demonstrates these views:

*“There are some municipalities which are over 100 years old. Their revenues have decreased enormously after the reform. They have some running costs; they cannot even pay their personnel’s salaries. It is ok to empower GCMs, but you have to provide some extra income to district municipalities or transfer some of the GCM revenues to district municipalities. However, GCMs do not like this idea.” (District Mayor 1)*

On the other hand, from the point of GCMs, the MGCM politicians and bureaucrats emphasised that although district municipalities are complaining about their low revenues, ninety percent of their essential services, such as water and sewage management, garbage disposal units, road maintenance and animal shelters were transferred to the MGCM, so it is not right to call themselves “victims”. As a supportive argument, they explained that MGCM Coordination Units in the districts are delivering most of the local services. Some of the participants from the MGCM further argued that the district mayors mostly complain about the reform because of the loss of employment opportunities which creates a potential loss of political power. The following comment is an example of this way of thinking on their part:

*“The revenues provided to district municipalities would be enough for their current duties. The problem of district municipalities is that they had already structured their personnel organization according to their revenues. Although the law gave them the opportunity to transfer their staff to the MGCM, there are still many district municipalities which cannot pay their staff salaries. There must be a fundamental solution to solve the financial problems of municipalities.” (Senior Municipal Bureaucrat of the MGCM 3)*

As a supportive argument to illustrate how district municipalities have lost their power, some stakeholders mentioned that municipal public relations activities have increased due to the loss of their duties and revenues. It is suggested that district municipalities are now using media and billboards for public relations effectively because it is the only way to present their municipality as successful during this period. A municipal officer stated that district municipalities are unable to carry out major public works or big social events due to lack of funds after the reform, they use social activities, which are less costly, to be in the media in order to promote their reputation and to compete with the MGCM. A consumer association representative explains how the public sees these efforts:

*“The competition between municipalities and the usage of media for promoting public relations has considerably increased. The MGCM and district municipalities put advertisements on billboards and the mayors are always on the news. It is an effective strategy; people think that the municipality is working. Before the reform, mayors used to visit schools occasionally to provide some education and health materials to the children. Now they visit*

*different schools every week because they are not able to carry out major public works which can be presented in the media.”*

## **8.5 Conclusion**

The reform brought by Law No 6360 was a long-term policy target of the government aiming at transferring previous successful models implemented in Kocaeli and Istanbul to other highly populated areas of Turkey. The most common justification for the reform is to achieve better and effective local services and proper city planning by ensuring the optimal scale and better revenues for local governments. The main assumption behind this is that local governments are more capable of dealing with the problems of local people if enough power and revenues are given to them. Decentralised and flexible local service delivery organizations take advantage of managerial ideas and geographical proximity because they are the closest units to local people to decide what is best for the city. However, the policy has been highly criticised by many, claiming that the reform lacks clear targets in regard to empowering local governments in order to fulfil local democracy, citizen participation and subsidiary principles. Instead, it was rather seen as a political and practical move of the government, aiming at delivering local services in a more effective way as well as holding political power in other areas. Although these arguments are rejected by many, what it is clear from the policy implementations is that GCM reforms concentrated on improvements in service delivery as the most expected and desired consequence, rather than other common targets of decentralisation reforms in the world, such as promoting local democracy and subsidiary principles, ensuring citizen participation and transforming administrative structures.

This chapter has examined to what extent the GCM reform has achieved its intended consequences. The study found that the reform brought many advantages in public service delivery. The MGCM is able to carry out public works on a much larger scale, to provide better public services, especially in water and sewerage, roads and public transportation services thanks to its big budget, the economy of scale, and the powers delegated by the central government. In addition, there is a significant consensus on the benefits of the good urban planning and planning integrity GCMs provide, which is expected to solve complex urban problems in cities.

As shown above, although there were considerable achievements and improvements in service delivery, there were many unintended consequences as well which overshadowed those achievements. First, better local service delivery has not materialised in the rural areas of the province, mostly because of the long distance between local units. The distance between the centre, districts and villages presents a major obstacle for effective service delivery. For example, there are some districts that can be reached by 2-3 hours drive from Manisa City Centre, and neighbourhoods, which were villages before the reform, are usually considerably far away from the city centres. Secondly, it can be concluded that the poorly written nature of the law played an important role in creating many drawbacks of the reform. The law did not provide enough time for local governments to prepare themselves for the new system and to complete their restructuring process. Because of the problems during the restructuring and establishing period, the quality of some services has decreased and there were service delays. Moreover, the law has many inconsistencies and contradictions, which leave many areas unclear, especially in determining the responsibilities and duties of municipalities and the boundaries between service areas of municipalities. The law left almost all the initiative to the political arena, in which it is generally impossible to reach a consensus. Thirdly, district municipalities found themselves in a very disadvantageous position with very limited revenues. While they were given more responsibilities in some service areas, their municipal borders were expanded to districts borders, which means they have to deliver municipal services to the villages and other rural areas.

Another intended consequence of the reform was creating fast, decentralised and flexible local service delivery organizations by delegating the power of bureaucratic structures to local governments. Again, the result was not satisfactory because the reform created another huge and bureaucratic organisation (Greater City Municipality) which needed to establish a bureaucratic organisation in order to deliver services effectively to every corner of the province. Moreover, as the result of the misjudgement of the lawmakers, even the minor and unimportant municipal services are left to GCMs. Consequently, there were some unintended consequences of the reform: an increase in paperwork and bureaucracy for people, especially those living in the districts, centralised local services which had to be delivered from the centre of Manisa and a huge organisation which needed to be structured in a similar way to traditional central government institutions. These new

procedures and organisational restructuring have replaced the old work plan and communication channels for citizens. In this context, as an unintended consequence of the reform, it is commonly argued that the reform has created very powerful GCM Mayors who are not easy to be reached by local people and strengthened the position of GCM bureaucrats in practice.

Finally, the most striking unintended consequence of the reform is the increased political conflict between local governments and local players. Political conflict between the MGCM Council and the Mayor of the MGCM is the most prominent feature in the local political agenda. Although GCM reform suggests a 'strong mayor model', the majority of the council can belong to another political party, according to the current electoral system, as is the case in Manisa. This has resulted in many disputes between the Council and the Mayor on many issues, which affected local service delivery in the province. In addition, political competition between the district municipalities and the MGCM has become the most determinant factor in the local service delivery system. Many stakeholders mentioned that even if the GCM, the Council and district municipalities were ruled by the same political party, there would still be tension and conflict between these players, as witnessed in many other newly established GCMs. There was no mechanism applied to reduce the political conflict which affects the service delivery negatively. What this feature tells us is that politics is the major determinant factor which affects the outcomes of the reform. In other words, political conflict or discord between district municipalities and GCMs shape the outcome of the local government reform. Stakeholders commonly argued that current political conflicts reduce the effectiveness of local services and jeopardise the targets of the reform.





## Chapter 9: Other Consequences of the Reform

### 9.1 Introduction

This chapter will present other consequences of the reform in addition to the intended and unintended consequences of the reform which were discussed in the previous chapter. In the first section, whether the reform is perceived effective or not will be examined from the view of stakeholders and what factors influence their perception will be discussed. The second section will focus on how local politics affects the service delivery and the implementation of the reform and will depict the effects of the decentralisation reform on local politics. In the last section, the extent to which the reform affected the prefectural system will be analysed.

### 9.2 Are Local Services Perceived As Effective After the Reform?

In terms of whether the reform is perceived as successful by stakeholders, participants stated that citizens' perception of the reform varies, depending on their satisfaction level with local services. The quality of the services they receive after the reform determines their point of view. It can be concluded that, prior to the reform, there were big uncertainties about what it would bring; therefore, their expectations were mainly shaped by practical reasons. As a vice mayor stated, citizens were expecting many things from the reform, but they did not actually know what. Three participants explained citizens' practical expectations:

*"Their perceptions are completely based on a practical approach. They are now waiting for the restructuring process to be completed but if they receive better services, they will defend the reform. There is no strong objection to the reform but also no big acknowledgment. They are now just observing because it hasn't settled down yet." (City Council President 2)*

*"There are no big ideological and political debates. Citizens' views arise from some practical reasons. If they receive better local services, they will begin to like the reform. They are more concerned with concrete and visible outcomes.*

*Now their perception is that the MSPA era was better because of service delays after the reform.” (Member of the MGCM Council 2)*

*“Actually, citizens are mostly interested in local services they receive rather than whether they are delivered by a district governorship or a municipality, the MSPA or the MGCM.” (District Mayor 2)*

In this sense, as discussed in the previous chapter, whether the stakeholders perceive local services as better and effective after the reform is a debateable subject. While accepting the fact that central planning and providing huge revenues to the MGCM are expected to result in better local services, the majority of stakeholders, especially district mayors, argue that the reform did not provide better local services in many areas. As examples of this argument, the opinions of three district mayors are presented here:

*“The reform was an attempt to improve local service delivery but it almost prevented some services from being delivered during this one year period. The performance of municipalities became even worse” (District Mayor 2)*

*“There is a considerable increase in the revenues and financial resources of GCMs. However, we did not see positive outcomes of these huge revenues. I admit that it may be because of the adaptation process but it has been almost 1.5 years, there should have been some positive developments.” (District Mayor 4)*

*“I believe in the reform and its goals. In theory, the new system is better, but in the case of Manisa, we cannot say this.” (District Mayor 3)*

Similarly, a city council president pointed out that:

*“We have still not received better local services. They have not yet repaired or maintained our village roads. We have not received any response to our demands. I had a conversation with several headmen of neighbourhoods today, they were complaining about poor services.” (City Council President 2)*

Because of poorly delivered services during the restructuring process, people, especially those living in the abolished small town municipalities and villages, are generally not satisfied with the outcomes of the reform. This is mostly because delays in municipal services and increased bureaucracy. The argument certainly

implies that the reform had different effects on urban areas and rural areas, and that the reform did not perform well in rural areas. Three of the participants put this argument very clearly:

*“People living in urban areas have not felt the negative effects of the reform that much because public services have been delivered without any shortage in those areas. However, around 60 small town municipalities and more than 800 villages were abolished in Manisa. Those small town mayors and village headmen were able to deal with their minor problems and they used to solve residents’ problems.” (Senior Municipal Bureaucrat of the MGCM 3)*

*“There are not many problems in neighbourhoods of cities because a headman can reach the mayor and municipal staff and get what they want. On the other hand, people living in rural areas have the biggest problems. In rural areas, when a sewer line is broken or in case of electricity shortage, the headman no longer has the power and legal status to deal with those problems. He can only call the relevant department of the MGCM which is very far away. People living in cities feel positive about the reform but people in rural areas are not satisfied with the outcomes.” (A Headmen Association President)*

*“The biggest complaint of citizens which I hear is the low quality services in rural areas, compared to the previous system. There are some complaints about road maintenance and garbage collection services. People in city centres are happy with their condition; the biggest problems are in the rural areas.” (Deputy Governor 1)*

In this context, probably the most striking argument comes from a Union of Chambers of Merchants and Craftsmen representative, who claimed that, with the abolishment of villages and the MSPA, the problems of rural areas are no longer visible or a priority for mayors, because the reform aims primarily to promote urban life and development. This obviously represents a power shift from rural areas to urban areas in terms of political power and influence on public investment decisions. In other words, rural areas will always feel the negative side of the reform because mayors and local politicians give priority to bigger cities, as those areas are more populated and have more voters. As he notes:

*“During the MSPA period, people in charge used to know the needs of citizens better because the MSPA Council mainly was comprised of people from rural areas and districts. Moreover, there were Unions for Providing Services to Villages in every district, which used to carry out local services only for villages. Those village unions were ruled by a district governor, who was also the head of Union Board comprised of two headmen of the villages and two members of SPA Council. The municipalities were delivering local services only within city centres. After the reform, people live in urban areas try to rule rural areas and villages. I do not think people from rural areas have a lot of power in the system now. The mayors live in the cities comfortably, they do not experience the rain and mud and they do not know villagers’ other problems. They only visit villages on beautiful days, and stay in the villages only two hours.”*

Two participants, who are in close contact with local people and able to receive feedback from them, depicted the situation in rural areas. According to a member of the MGCM Council, citizen feedback he got showed that if a survey were conducted to evaluate people’s satisfaction with the GCM Reform, ninety percent of people in districts would want to reverse the reform. Similarly, a neighbourhood headman in a district argues that it was easier for citizens to reach local politicians or district governors to find a solution to their problems during the MSPA period:

*“Now in the case of a small sewer pipe problem, you have to go to the MGCM. We do not see any positive outcome. We prefer the old system. It is a common perception of citizens. The villages used to receive better local services before the reform.” (Neighbourhood Headman 1)*

As supportive evidence to those arguments, some of the MGCM bureaucrats also accepted that the MGCM performed poorly in some services due to the transition and restructuring process: Their responses as follows:

*“I can easily understand their point of view. We travel around the province frequently, we organise meetings with headmen of neighbourhoods, and we visit business owners. Citizens used to get all local services from their municipalities in their district. They do not care whether the MGCM, district municipalities or MASKİ deliver services. The important thing for them is to receive better local services. I must admit, during the first year, citizens suffered from this reform.” (Senior Municipal Bureaucrat of the MGCM 3)*

*“The local service delivery in Manisa is not effective and efficient in some areas. We are living in this difficult and painful period. I believe this period will last five years, after that, people will benefit from its advantages.” (Head of Department of the MGCM 3)*

*“Maybe the law brought some improvements in local services but I don’t think it provided any improvement throughout the country. It did not bring expected outcomes in general.” (Head of Department of the MGCM 4)*

*“At the beginning, we had some difficulties because we did not have sufficient staff, vehicles and equipment. However, now, we are working hard to deliver services to every corner of the province and we manage to do it without having big problems. The law has brought positive developments as well as negative outcomes.” (Senior Municipal Bureaucrat of the MGCM 2)*

On the other hand, there are several counter arguments showing that the reform has brought many advantages in terms of quality of services in several service areas, and citizens are satisfied with the outcomes of the reform at some level. They underlined that the reform brought many improvements in local services especially in rural areas and villages, as the MGCM has been able to carry out significant public works in those areas, thanks to its huge financial resources. According to a senior municipal officer at the MGCM, the MGCM allocated five times more funds for the maintenance of village roads per year than the MSPA’s allocation. Similarly, a head of department of the MGCM stated that he was able to observe the situation of rural areas and villagers in the province. According to him, due to improvements to local services and public works carried out by the MGCM in rural areas, people living in those areas had a positive attitude towards to the reform. As he notes:

*“There were many villages which did not have proper roads, sufficient drinking water and sewerage systems, children playgrounds or public parks. The MGCM has begun to carry out public works in villages to improve villagers’ living standards. Moreover, the villages do not have either any agricultural irrigation systems or drinking water pools for animals; or they have only poorly maintained ones. The MGCM is now maintaining and repairing irrigation systems or lakes and building new ones. Citizens are happy with it.” (Head of Department of the MGCM 1)*

Another participant from the MGCM and a neighbourhood headman shared the same opinion. As they explain:

*“This week, I was in a neighbourhood which had previously been a small town municipality. The residents stated that they began to receive quality services which they had not received before the reform. We are able to deal with their water and sewerage problems, we collect their garbage, we deliver pest control services, and we maintain their cemeteries.” (A Senior Politician at the MGCM)*

*“I was responsible for the maintaining the drinking water system. When there was a malfunction, I had to deal with it. However, I used to struggle to find a plumber to fix it. In addition, it was not easy to find enough labourers in the village to ask for their help. It used to take several days. Now, when I call MASKİ, they come quickly and repair it. They do a better job than we do, they are professionals, and they use better quality spare parts. So, this is a positive development.” (Neighbourhood Headman 2)*

The above arguments are confirmed by a private contractor who carried out public works in villages both during the MSPA period and after the reform. He claimed that public works are carried out in a more professional way, resulting in effective and efficient local services. As he notes:

*“I carried out some public works in villages. There were no plans or projects. The village headman used to buy pipes; we used to dig the water channels. Now there is a procurement system. It is monitored by engineers. You will not need to worry about it for 50 years. Previously, the pipes were damaged straightaway because the headman was doing it by himself. Now the headman calls the MGCM, they send a professional team to fix it. Before the reform, state-citizen partnership was a common system for carrying out public works in villages. The MSPA used to give the goods, and the villagers used to provide labour. It was not effective, it was wrong.” (Private Contractor 3)*

Some mayors also emphasised that the reform had different effects on the districts. They claimed that bigger districts are heavily affected by the negative outcomes of the reform as they have bigger populations and citizens' expectations are different in big cities. Two mayors of large districts in terms of population summarise these arguments:

*“The reform brought many negative consequences for bigger districts. These districts had sufficient revenues for their services and expenses. Now our income will probably not be enough to pay our staff salaries. Small municipalities did not have enough revenues even before the reform.” (Vice Mayor 2)*

*“Maybe smaller districts have their own problems but citizens’ expectations in bigger districts are different. We were more active and carried out major public works before the law because we had good revenues.” (District Mayor 5)*

Finally, the proponents of the reform argued that people’s life in rural areas would be better as they would benefit from the advantages of city life. However, the majority of participants suggested that the reform has no effect on people’s social lives in rural areas. As a member of the MGCM Council stated, “villagers still feel themselves as villagers, not townies” because there are many villages with a population of 60 far away from urban areas. Although people living in villages began to receive municipal services with the reform, it did not bring fundamental changes to their social life. On the contrary, the GCM reform has increased their living costs at some point because they have to pay taxes for becoming a townie, meaning that they are charged and treated as if they live in an urban area. People living in the abolished villages are exempt from city taxes for the next five years; nevertheless, they pay environmental tax and water bill even though they have the same lifestyle in the village. It is obvious that living under the jurisdiction area of a GCM and being part of a municipality will bring extra costs for villagers. Especially participants from rural areas described what has changed in the villager’s life and what extra costs the reform brings them. In this context, three participants explain:

*“Villagers live in houses with barns. When we finish the city planning zone, they will have to obey city planning laws and regulations. It will not be possible to build barns next to their houses. So, they will be in dispute with district municipalities.” (District Municipality Officer 3)*

*“Citizens in our district did not pay anything for burial service before, but now they have to pay 300 TL. In addition, they have to pay environmental and property taxes.” (Vice Mayor 1)*

*“Villagers doing animal husbandry are complaining about the new law because they now have to follow the city standards such as disposing garbage and animal waste.” (Neighbourhood Headman 2)*

## **9.3 It is All About Politics**

### **9.3.1 Politics Affects Local Service Delivery**

From the interviews conducted with stakeholders, it can be concluded that the effectiveness of local service delivery largely depends on whether GCM Mayor's political party has a majority in GCM Council. Moreover, political competition between local players and political concerns affect the way public services are delivered. A senior prefectural actor, who has worked closely with local governments for decades, states that GCMs and district municipalities may have different political approaches to service delivery; however, if political motivations, electoral interests and populist approaches become determinant and prominent factors, it causes permanent and long-term problems in local public services. It is commonly perceived that even though municipalities are public service units, local politicians generally take into account political gains or losses in their actions, which represents the weakest part of the system. A business association president claims that:

*“There are lots of urbanisation, city planning and traffic problems in our cities because they have been ruled by mayors whose main target was to win the next election. They have refrained from taking important city planning decisions which might negatively affect their political supporters. They always fear losing their votes. Their interests and political concerns are the most prominent motives. Those concerns may overthrow public interest and rational decisions. It is the same for almost every political party.”*

As presented above, stakeholders commonly argued that GCMs and district municipalities decide their policy implementation strategies based on their political targets. Obviously, it is one of the main reasons of the tension between municipalities from different political parties. As each municipality is ruled by a political party, winning the next election becomes their only goal. Respondents from different political parties and municipal bureaucrats mentioned that service priorities of municipalities are highly determined by political targets. According to these



claims, GCMs in Turkey give precedence to the districts that are ruled by the same political party. Moreover, as shown in the previous section, it is argued that GCMs and local politicians prioritise central municipalities and highly populated areas because of their number of potential voters, and disregard other cities with smaller populations. This is expressed by three of the participants in the following ways:

*“GCMs give precedence to highly populated areas. Newly established GCMs are not like Istanbul or Kocaeli. There are both urban and rural areas in these provinces. While one district has 15,000 voters, another district has 150,000. Which one would you care about most?” (District Governor 1)*

*“There are always disputes between two elected mayors. In Turkey, a district municipality whose mayor is closer to the mayor of GCM receives more public works and bigger share of the budget. It is applied fairly in Manisa at some level but not across the country.” (Head of Department of the MGCM 4)*

*“Politics is a significant factor in directing the investments and public works to a district. We observed that the MGCM built some big junctions, car parks and big projects in some districts but there is no big project that the MGCM has conducted yet in our district. Probably, political considerations are taken into account when determining the priorities”. (District Municipality Officer 2)*

It is further argued that, in some cases, municipalities treat individuals' demands based on their political views and are not keen on solving problems in residential areas where the majority of people voted for other political party. It is a common concern that politics is always a determinant factor in the distribution of resources and people may be treated differently by municipalities because of their political views. A participant even claimed that municipalities somehow know who voted for who at local elections. In this sense, a majority of the participants, including governors and municipal actors, emphasised that public services should not change direction based on people's political opinions and that local services should be carried out without regard to political motives. Two participants explain how political ideas and political conflicts influence citizens and local service delivery:

*“The main problem is the politics. As long as this political approach exists, there will always be some drawbacks in local service delivery. There is a*

*perception that if you are not supporting the ruling party of a municipality, your demands may not be met by the municipality.” (Neighbourhood Headman 1)*

*“The political difference between district municipalities and GCMs highly affects local service delivery. We heard some rumours about politicians saying they will not carry out public works in the villages which did not support their political party in the election. This is our understanding of politics.” (Vice Mayor 1)*

The general opinion of the stakeholders confirmed that citizens are put in a difficult position because of political conflicts between municipalities ruled by different political parties. It implies that citizens and the headmen of neighbourhoods are forced to choose a political side among the local governments. A neighbourhood headman told me that he does not even want to go to the meetings of the MGCM and district municipalities organised in his village. He sometimes finds excuses not to join the meetings because he is accused of supporting one side if he welcomes visitors nicely. Another neighbourhood headman shares his experiences on this issue:

*“My friends, who are also neighbourhood headman, are not happy with the situation. They have political views which are sometimes different from the ruling party of the municipality. When we demand something from the municipality, the other municipality or political party asks why we did not ask for help from them. Before the reform, there was not high level of political competition, now it has risen to an unsatisfactory level. A neighbourhood, where the majority of people supported the opposite political side at the local election, is likely to be disregarded by the municipality.” (Neighbourhood Headman 1)*

A member of the MGCM Council also puts forward the same argument:

*“Citizens feel nervous and are afraid of the possible reactions of both sides. When they demand something from one side, the other side asks why they did not ask them first. The headmen of neighbourhoods share this info in our personal conversations.” (Member of the MGCM Council 1)*

### 9.3.2 Increased Political Competition is the Weak Point of the Reform

As mentioned above, all respondents argue that politics is the biggest determinant factor of local governments' service delivery decisions and it shapes the nature of the relationships between local governments and central government. Based on the fieldwork data, it is obvious that the reform has increased political competition and political conflict between local governments, rather than creating a collaboration and consensus among them. As examples, the opinions of three participants are presented here:

*"The reform has increased political competition among municipalities. It won't lead to a political consensus; political conflict is at a very high level." (City Council President 1)*

*"The biggest problem is the political conflict between GCMs and district municipalities. If mayors of GCMs and district municipalities are from the same political party, there would be fewer problems." (District Mayor 1)*

*"The main problem is the political difference between district municipalities and GCMs. In Turkey, every municipality tries to block some public works carried out by the municipalities ruled by their rival parties. It is our political approach." (A Union of Chambers of Merchants and Craftsmen Representative)*

Some participants claimed that GCM Model cannot function properly unless the factors which lead to political conflict and competition among the local players are removed, minimised or replaced with another mechanism. Participants suggested some amendments to GCM Model, including a revision of the election process, abandoning the strong mayor model and empowering district municipalities again by providing them with more revenues. It is clear that as long as the current political climate continues and district municipalities remain disadvantageous, problems in service delivery arising from political conflicts will gradually grow. The reason for this is that district municipalities want to stay in the political arena as a powerful actor, which can be achieved by carrying out big public works and delivering essential public services that influence voters' decisions. District municipalities are not satisfied with the situation because GCMs potentially receive more credit and praise for every public work they carry out and public service improvements in districts. Considering the fact that some district municipalities have to work with a powerful

GCM, which is a political rival, it becomes obvious that tension between district municipalities and GCMs will always be high. It can be said that local politics became *Achilles' heel* of the GCM Model, though the main target of the reform was to ensure that local services are decided, planned and delivered by elected people and local political dynamics, rather than centrally bureaucratic public organisations.

In this context, GCM reform intended to create very powerful GCM Mayors who would be responsible for almost every local service in provinces and be a very strong political and administrative figure. Several politicians and authors even argued that it was an initial reform before replacing appointed governors with locally elected mayors as a preparation for a presidential system. In the history of the Turkish local governments, 'strong mayor model' has been applied always. Although it has always been possible to see some municipalities where the mayor's political party has the majority of municipal council, building consensus and establishing a balance between the municipal council and the mayor were much easier. It was because rural areas and other districts were not in the jurisdiction of GCMs, and SPAs and governors were still in charge of delivering local services to rural areas and villages. With the reform, all district mayors have become natural members of GCM Council, and the members of GCM Council are elected in the districts. In this system, a mayor could win an election with the help of his charisma, the perception he created and his popularity, while people may vote for opposite political parties at the election of district mayors and members of municipal council. As a result, it is possible to see a very powerful GCM mayor, who does not have a majority in GCM Council which comprises mayors of districts and other local politicians from different political parties. A participant from the MGCM explained why it is very hard to build politically stable system in practice:

*"There are 17 district mayors who are politically strong. They consider themselves important figures in the MGCM Council. They also have power to influence and manipulate their party groups in the MGCM Council. Therefore, you have to deal with 17 districts with 17 different interests and political priorities. Even if you come to an agreement regarding public works, this agreement could still be damaged if a political conflict occurs between the districts and the MGCM."* (Senior Municipal Bureaucrat of the MGCM 3)

A union representative describes how the strong mayor model constitutes a fundamental constraint in terms of collaboration between municipalities:

*“I don’t think there was a need to create such a strong political figure. The intention was to establish Greater Cities as the most powerful public body in provinces and to make GCM mayors the most powerful player. GCM mayors are like ministers now because substantial powers were given to them. It is impossible to build harmony and collaboration between other municipalities and this political and financial power. It is a fundamental constraint.” (Union Representative 3)*

The negative outcomes of the conflict between the mayor of MGCM and MGCM Council have led people to discuss whether the strong mayor model is working effectively, and the power of GCM Councils should be strengthened in order to restrict the power of GCM mayors. On the other hand, some participants argued that if the reform intended to empower GCMs and GCM mayors politically and financially, there is no need for a politically strong council which has many members from different political backgrounds. They further emphasised that municipal councils are even more dysfunctional where GCM mayors have the majority of the council.

On the other hand, the common perception of participants is that the strong mayor model is the best model for Turkish local governments because it is more consistent with the character of the society and administrative and political structure of the country. This argument implies that fast and powerful decisions should be taken by one powerful authority, preferably by a politically strong person. Some participants support this by stating that:

*“It is important to take powerful decisions not only for the local governments but also for the administration of the country. There is no problem with the strong mayor model. However, there must be some mechanisms to fix the mistakes and to prevent arbitrariness.” (District Mayor 3)*

*“Ruling a public institution by 30-40 elected politicians brings chaos. It is not right; it cannot work because they are all politicians. You would have to deal with the demands of their relatives and families. Besides, the election is all about mayors; people vote for mayors, council elections are not as important*

*as mayoral elections. It is the mayor who wins or loses the election.” (District Mayor 6)*

*“It is not possible to change the strong mayor model because this model is useful for political parties and politicians. They would not allow changing. The political system is based on a strong leader approach.” (A Union of Chambers of Merchants and Craftsmen Representative)*

### **9.3.3 Effects on Political Culture**

As the reform brought different roles and functions to local political players by providing them with more powers and different duties, it was expected that reform would have some influence on local politics, local democracy, political culture and political awareness of citizens. In regard to the political awareness of citizens, it was argued by many that it would eventually increase the political awareness level of citizens because municipalities from different political parties took over the duties of SPAs. The argument is that people in rural areas were not very interested in municipal services or local politics before the reform. Many respondents accepted that citizens are more interested in the daily activities of municipalities and local politics now. As examples of this opinion, three of the respondents share their observations:

*“We can say that the political awareness of citizens has increased. Now, citizens are more interested in local service delivery and the MGCM activities. They began to criticise the actions of municipalities. The level of consciousness has increased.” (Neighbourhood Headman 2)*

*“Citizens are more interested in GCM activities and municipal services. They observe the activities of municipalities closely, compared to the past. They examine the actions of the municipality and try to learn the law. However, I don't think this increased awareness will necessarily result in improving local democracy and consensus in local politics.” (Neighbourhood Headman 1)*

*“The issues which used to be discussed at micro level are now evaluated on a broader scale. People in the districts and villages discuss the MGCM services in their districts and evaluate whether the money is spent in the right places.*

*In this respect, I believe the reform has positive effects on citizens' approaches to the problems of their city and their environment. They closely monitor municipal activities because they now have a broader point of view.” (District Governor 2)*

On the other hand, some stakeholders argued that the citizens' concerns are on more practical issues when they are interested in municipal performance or other developments in local politics. They further postulated that the citizens' main concern is to get along well with the municipality and benefit from it. In this sense, the level of expected benefits from the mayor determines the extent of their criticism or praise. In spite of these sceptical opinions, local politicians, such as mayors and members of municipal councils, clearly explained that the reform had some direct impacts on local politics and local democracy. They underlined that powerful local organisations and centrally appointed bureaucrats, such as governors and district governors, were no longer in charge of delivering local services, since local politicians were given more power in decision-making process. With the abolishment of SPAs and villages, the perceptions of citizens regarding local politics and political accountability have changed. A district mayor explained what has changed after the reform in terms of the relationships between citizens, local governments and local politicians:

*“The most important change is that citizens will make you pay for your failures at the next election. They used to hold government institutions responsible for this. They threaten municipalities more loudly and clearly now, because they are aware of the fact that almost every power is now in the hands of municipalities and local politicians. With the reforms, citizen monitoring and their pressure on politicians are more visible and stronger. I believe local democracy and citizen participation levels will improve. I think it is a break point of the relationship between bureaucracy and the state. There was a SPA and it was a more like government organisation in the eyes of citizens. They used to respect the governors and used not to criticise them strongly or loudly because they had no way to punish government officials. However, now they can vote against local politicians.” (District Mayor 2)*

A member of the MGCM Council argues that the effectiveness of local services becomes a determinant factor for voters' choice. He explains:

*“Local politicians cannot use the country’s current situation as an excuse; their guidance will be the situation of local services. Citizens are more conscious about local politics now; everyone can easily reach local politicians. The communication channels between citizens and politicians are more effective now.” (Member of the MGCM Council 3)*

Mayors also mentioned that this new approach of the citizens has also affected their administration style because citizens are more demanding now. Some mayors explained that they have to make an extra effort to be seen by the people as their jurisdiction area was expanded and that citizens are demanding better services from elected people compared to the MSPA period. As a result, it can be said that as local politicians become more important players in the area, they come under pressure from citizens because citizens clearly express their expectations of receiving quality local services in return of their votes.

In sum, the reform had different impacts on the current political climate and political culture in the province. One of the intended consequences of the reform was to shift power from the state and its bureaucrats to local politicians and local governments, which would empower local democracy by providing more space for politics in local public service delivery. One may think that a high level of political competition and different political ideas among municipalities and political players in the province should eventually improve local democracy and lead to a negotiation and consensus culture. However, according to fieldwork data, current political climate and political competition have led to a political fragmentation among local players rather than consensus building, cooperation and integration.

#### **9.4 Has the Reform Weakened the Prefectural System?**

The Greater City Reform has also brought some fundamental changes to Turkey’s administrative structure. The abolishment of SPAs and villages in those provinces meant that governors and district governors were no longer in charge of delivering local services to rural areas through SPAs and Unions for Providing Services to Villages. After the reform, the duties and responsibilities of SPAs and Unions for Providing Services to Villages are carried out by municipalities. Apparently, it constitutes a fundamental change to the prefectural system in terms of power and



functions. In this sense, it is important to assess to what extent the reform has influenced the power of governors and district governors and how stakeholders have perceived it, because shifting power from bureaucrats to local politicians in a local government system was an intended consequence of the reform.

#### **9.4.1 Effects on Power of Governors and District Governors**

It is commonly argued by governors, district governors and other stakeholders that the reform has weakened the roles and functions of the governors and district governors in terms of public service planning and policy implementation in many areas and this is an intended consequence of the reform. Some claimed even further that it was a first step before abolishing the prefectural system and replacing appointed governors with elected governors. This argument has found many supporters among politicians and academics because the reform designated Mayors of GCMs as the strongest local player in the province, politically and financially.

Before the reform, provincial governors used to rule SPAs, which is a local government organisation that organises, plans and carries out public works in villages and rural areas as well supervising and conducting some central government works in the province. Although IMCDs are headed by the governors after the reform, IMCDs are mostly responsible for conducting or supervising central government works in provinces. Similarly, district governors used to carry out public works in villages, such as building and maintaining of roads, water and sewerage services through Unions for Providing Services to Villages. In this sense, stakeholders mostly argued that the loss of power of governors and district governors is strictly linked to the loss of budgets and funds they can use. The following quotes from the participants provide in-depth information about:

*“It is true that governors and district governors have lost some of their power. District governorships do not have sufficient funds anymore for even small public works because village unions were abolished. What can you do without a budget? Mayors also complain about the situation. I admit that IMCD was established but it is not as flexible as the MSPA.” (A Local Politician)*

*“We observe that governors and district governors now have limited budgets and funds to carry out public works. They do not have any direct responsibility*

*and duty for local public works; rather they mostly focus on their representative functions. We observe that their influence on the locality has decreased; they have less power, less authority and less duty.” (Member of the MGCM Council 1)*

*“A district governor used to have sufficient funds for carrying out public works in rural areas but now they don't have any. Consequently, for example, a village headman cannot now go to him and ask for a public work for his village. Of course, citizens still complain to them about poor public services as they represent the state, but the content of the demands has changed. They don't ask governors for building a water system or maintaining a village road etc.” (District Mayor 2)*

Other stakeholders confirmed that governors and district governors are no longer able to meet citizens' demands in many areas after the reform. They mentioned that citizens are no longer calling upon governors to meet their demands, especially regarding local services and public works. Although this consequence is to be expected due to transferring responsibilities and duties to municipalities, it also represents a power shift between local actors in the eyes of citizens. A municipal actor confirmed the argument:

*“If a person applies to a public institution several times and doesn't receive a positive outcome and if someone else solves his problem, he won't go to that institution again. He will go to the other authority. It is what happened to the governorships. People show more respect to those who meet their demands. I do not think the government cared about the effectiveness of the governors while creating powerful GCMs. They did not pay attention.” (Senior Municipal Bureaucrat of the MGCM 3)*

The following three statements from the participants further illustrate these points:

*“We apply to district governorships less than before; we usually go to the municipality for our demands. We go to district governorships now for usually public security related issues.” (Neighbourhood Headman 2)*

*“People follow who has funds and who has the ability of delivering services. For example, the headmen of neighbourhoods apply to municipalities now,*

*whereas they used to go to the governors more in the past.” (Member of the MGCM Council 3)*

*“Governorships have become more like administrative units. The Mayors of GCMs are seen more powerful, who are able to do everything. It means that they are going to be asked less because they have fewer duties now. Citizens are more interested in an institution which delivers services they need.” (District Municipality Officer 1)*

In other words, it is suggested by many stakeholders that the result is an absolute loss of the power of governors and a change in perception in society. First, they argue that the reform applies a Strong Greater City Mayor Model. Consequently, GCM mayors has become very strong political figures, even stronger than members of parliament in their provinces. Secondly, the reform provided GCMs with huge budgets to carry out large-scale public works and made them sole deliverer of essential local services. In the light of these developments, many participants argued that governorships need to move to a new role which is rather representative and supervisory. A senior politician at the MGCM explained how the legal changes constitute a shift of power from governors after the reform with an example:

*“Some powers of the governorship in public transportation management have been transferred to the MGCM. The deputy governor wrote an official letter to us, asking not to remove a specific taxi stand. Before the reform, there was the Traffic Commission headed by the governor, and he was able to take any decisions in the meetings of the Commission. It shows that they have lost their power and their powers have been transferred to municipalities. Now he is the one who phones us to demand something.”*

#### **9.4.2 What Has Actually Happened?**

In order to understand how the reform affected the prefectural system and the perception of governors and district governors among the public, a distinction should be made between the representative roles of governors and their functions in the implementation of public works programmes. In this context, some stakeholders argued that the reform has not actually eroded the positions and functions of governors and district governors because governors and district governors still have the traditional and fundamental duties and responsibilities in the Turkish

administrative system. They suggested that the duties and responsibilities which was taken back with the reform were actually transferred to governors and district governors only during the last three decades. These duties were transferred to governors and district governors with the establishment of Unions for Providing Services to Villages and the empowerment of SPAs in the 1990s. Indeed, the reform did not involve any amendments regarding the traditional duties and functions of governors and district governors, such as representing the state and the government, monitoring all public institutions, ensuring all major public services are delivered effectively etc. Some district governors clearly emphasised that governors and district governors have now returned to their main functions since public works and substructure construction are not among their main duties.

This argument becomes an important starting point for evaluating how the reform has affected citizens' perception of the prefectural system. The majority of the participants argued that although governors and district governors seem to have lost power or influence among local actors with the reform, it would be wrong to suggest that the citizens' traditional perception of governors and district governors as a representative of the state authority has fundamentally changed. District governors I met stated that citizens still see them as a port or shelter and an objective authority so that all state institutions, local governments and NGOs can work collaboratively. Indeed, district governorships play a pioneering and leading role in solving the problems of the district even though these problems are not directly related to their duties and responsibilities. In this context, it is suggested that citizens are not disturbed by the leading role of governorships; in contrast, they see governors and district governors as a unifying authority, who are objective and always ready to be consulted. As examples, some participants whose professions allow them to observe citizens' perceptions closely explain why the reform will not fundamentally alter citizens' perceptions:

*“Although now we are in contact with municipalities more because they deliver local services to rural areas, I can’t say there is a public perception suggesting that a public institution which carries out fewer public works becomes less important. Governorships are still important, and they represent the state. In the eyes of citizens, they maintain their importance.” (Neighbourhood Headman 2)*

*“The importance of district governors is a different thing. I did not observe any negative perception in public or a change. I think they will hold the same position and still be the most important figure in the districts. It is because they represent the state, and we still go them to consult or to demand a solution for our problems.” (City Council President 2)*

*“Citizens accept governors as a representative of the state. As long as health, education, security and other essential public services are delivered by central government institutions; governors, as a representative of the state, will preserve their status, even though mayors are now powerfully involved in the system compared to the past.” (District Mayor 2)*

Based on my work experience as a district governor for 15 years and on my fieldwork data, it would not be wrong to suggest that the citizens' perception of the prefectural system won't change fundamentally until citizens are fully and clearly aware of the different responsibilities and duties of local governments, governorships and the private sector. It is because the system will always create a need for governors and district governors. For example, as it is presented in the previous chapters, a failure or a crisis in public service delivery caused by the poor performance of a municipality or a private contractor will still lead to a need to ask governors to intervene and solve it because they still represent the state's authority. In addition, as supporting evidence to this argument, there is enough data collected during my fieldwork to suggest that governors were asked to intervene in problems between local governments to solve them or to give the final decision in many disputes after the Greater City Reform. This means that while decentralisation reforms transferred some of the powers and functions of governors, it created a new de-facto situation in practice; governors have been expected to have new roles and functions such as an ombudsman or a negotiator dealing with disputes between local governments. The Governor confirms this by stating that citizens want governors to intervene as a representative of the central government in extreme and problematic issues and to speak with the mayors about the poor service delivery of the municipalities. In this sense, governors and district governors have played an important role in minimising the negative outcomes of the reform during the transition and restructuring process, as they stated:

*“Governors and district governors have been involved with the process. They have been dealing with the problems. They try to coordinate things; they try to solve the problems when things become unbearable for the public. Our governor is literally trying hard to make things better because different political parties rule central district municipalities and the MGCM. Anything can become the cause of conflict. The governor intervenes in this situation by warning municipalities and sending them letters to remind them the legal frameworks.”*  
(District Governor 3)

*“The governor sometimes functions as an ombudsman or a negotiator even though the law did not give him this duty. The disputes between municipalities affect the city. That is why the governor feels that he has to intervene and to deal with the problem.”* (Deputy Governor 1)

As presented earlier, there have been many disputes and problems between GCMs and GCM Councils or between district municipalities and GCMs since the reform. In this context, some respondents mentioned that there is a need of an authority to solve these disputes rather than taking them to the courts. Governors are proposed as the best option for this position, who will take the final decision regarding the disputes between municipalities. Two participants commented on this as follows:

*“When we go to the governors asking for their help in resolving conflicts and disputes between municipalities, they are not effective sometimes because the law does not clearly give them this power. Maybe it seems wrong to ask this from another public authority, but obviously, there should be an authority to solve these disputes, acting as a negotiator or an ombudsman.”* (Senior Municipal Bureaucrat of the MGCM 3)

*“There is a need for a new position like an ombudsman who resolves conflicts between local governments and helps them to reach a consensus. Although these disputes can be taken to the court, there should be someone able to solve these issues before the judicial stage. Governors can do it. If the MGCM mayor wishes, he is able to block my city planning decision and to take it to the MGCM Council to be discussed for years. If I take it to court, God knows how long it will take.”* (District Mayor 3)

However, this idea is criticised by other respondents as being unrealistic for Turkey's current political and administrative structure. First, it could be seen as bringing back tutelage of the central government over municipalities if the governors were given more power as final decision makers. Secondly, stakeholders emphasised that even if governors were given that power, it would not provide expected benefits in practice because it would be naive to expect governors to take decisions without any political pressure on them, especially in cases where one side of the conflict is a politically strong municipality.

## **9.5 Conclusion**

This chapter discussed other consequences of the reform regarding local politics and the prefectural system and analysed to what extent the reform is perceived as effective by stakeholders. The study found that whether municipal services after the reform are perceived better and effective by stakeholders is a debateable subject because citizens' expectations from the decentralisation reform are mainly shaped by practical reasons and their political views. It can be concluded that the reform has brought many advantages in several local service areas in terms of service quality. However, there is a common perception that there are several unintended consequences of the reform especially in rural areas and small districts because of the problems caused by political conflict among municipalities and the transition and the restructuring process of such a huge organisation in a short period.

Secondly, the reform obviously represents a power shift from rural areas to urban areas in terms of political power and influence on public investment decisions because rural areas with limited number of potential voters are no longer a priority for GCMs. In this sense, rural areas and small cities will always be disadvantageous, although one of the intended consequences of the reform was to provide rural and district municipalities with the same quality services as provided in urban areas and big cities.

Thirdly, heavy political competition is the weak point of the reform, which negatively affects the way public services are delivered and reduces the effectiveness of municipal services. Stakeholders commonly argued that even though municipalities are primarily public service units, municipalities build their policy implementation

strategies based on their political targets which creates the tension among municipalities from different political parties. Moreover, the experience of the stakeholders confirmed that citizens are put in a difficult position because of the political conflict between municipalities from different political parties. They described it as *“stuck in the middle”*.

Fourthly, the reform has increased political competition and conflicts between local governments, rather than creating a collaboration and consensus, although the main target of the reform was to ensure that local services are planned and delivered by locally elected people rather than bureaucratic public organisations in order to have more rational decisions and effective municipal services. The reform empowered GCMs and GCM Mayors politically and financially, while GCM Councils still comprise mayors of districts and other local politicians from different political parties. The result is a highly competitive political environment. In addition, the law also has significantly empowered Mayors of GCMs in political arena, making them very powerful political figures in their provinces thanks to enormous financial capacities of GCMs. It would not be wrong to suggest that Mayors of GCMs now hold the most important position of their political party in their provinces. Consequently, the powerful Mayors of GCMs will affect the dynamics of local politics because other local political actors such as members of parliament, district mayors and political party members now have to find a way to deal with the popularity and the power of GCM Mayors in a highly competitive political arena.

Fifthly, in terms of the effects of the reform on political culture, the new local government system and political climate resulted in an increase at the level of political awareness among the citizens. There is another argument posits that citizens' concerns are on more practical issues when they are interested in municipal performance or other developments in local politics. Another finding is that mayors have to make a great effort to be seen successful because their jurisdiction area was expanded and citizens are demanding more quality services from elected people compared to past when SPAs and governors used to deliver local services, especially in rural areas.

Finally, as an intended outcome of the reform, the reform has weakened the roles and functions of the governors and district governors in many areas in terms of public service planning and policy implementation. It constitutes a power shift from



bureaucrats to local politicians in the local government system. This shift is strictly linked with the loss of budgets and funds that governors can use. Stakeholders underlined that citizens are no longer applying to governors and district governors to demand public works because they know governorships do not have sufficient funds. In the lights of these developments, many stakeholders suggested that governorships need to move to a new role which is rather representative and supervisory. The study found that the reform has not actually eroded the traditional roles and functions of governors and district governors in the administrative system because the reform did not bring any amendments to the traditional duties and functions of governors and district governors, such as representing the state and the government, monitoring all public institutions, ensuring all major public services are delivered effectively.



## **Chapter 10: Conclusion**

### **10.1 Introduction**

In recent decades, Turkey has experienced significant changes and transformation related to the structure of public administration under the influence of NPM ideas. Decentralisation and externalisation have played an important role in modernising the public sector, especially in local service delivery. The idea behind these reforms is the notion that public sector reforms driven by NPM ideas and principles will provide the best solution to solve Turkey's persistent administrative and economic problems. They were expected to ensure an effective, efficient and better service delivery model for the public. Local government reforms and provision of a legal framework for private sector involvement in public service delivery have been considered effective and practical instruments to transform the public sector because the country had experienced political instability for a long time. In parallel with decentralisation reforms, the externalisation of local services has become an extensively applied method in local services, with central government support and encouragement for local governments.

In this chapter, first, the contents of the research and the applied methodology to carry out the research are briefly concluded. Then the major findings of the research and the synthesis of these empirical findings are presented in an effort to answer the research question and to achieve the research aims.

### **10.2 The Research**

This study sets out to explore how NPM works in the Turkish local government system by focusing on two of its main tenets: externalisation of local services and decentralisation. It aims to evaluate the effects of recent decentralisation reforms and externalisation policies of municipal services by looking at them from the

standpoint of a range of stakeholders and to identify the intended and unintended consequences of those NPM inspired policies. Therefore, the main research question of the study is:

*“What are the intended and unintended consequences of recent decentralisation reform and externalisation of municipal services in Turkey?”*

*Some sub-research questions are also addressed in this study:*

*“How do NPM-inspired reforms and policies work in the Turkish local government context?”*

*“What are the costs and benefits of externalisation of local services? What did authorities expect and what did they get?”*

*“How do local governments choose between public and private service delivery alternatives?”*

*“To what extent has the recent decentralisation reform achieved its target? Has the reform achieved its goals?”*

In order to evaluate whether the goals of externalisation policies and the recent decentralisation reform have been reached, stakeholder-based evaluation was conducted. It took into account major stakeholders of policies including decision makers, staff, and key policy actors. It aimed to explore and explain how the externalisation of local services works in a single metropolitan area encompassing 17 district municipalities and a Greater City Municipality. It also examined how recent decentralisation reforms influenced local service delivery within this setting. In order to evaluate the advantages and disadvantages of alternative delivery models of municipal services and intended and unintended consequences of the recent decentralisation reform, the study used stakeholders' perceptions and views.

A qualitative, fieldwork-based case study was conducted in a single metropolitan area in order to achieve these research objectives. The study employed multiple and different sources (for example, different managerial levels of local government and central government institutions, local politicians, NGO representatives, labour unions, business and commerce organisations, and community representatives) and triangulation of methods (interviews and documentary analysis) to improve the trustworthiness of the research and to develop a synthesis of perspectives from

different data sources. The approach relied on semi-structured interviews with a range of stakeholders involved in the policy arena. The fieldwork for this study was carried out in two rounds in 2015 and 2016, within the jurisdiction area of Manisa Greater City Municipality. The researcher conducted 61 interviews with diverse stakeholders who are involved in the policy arena.

The research provided in-depth insights relating to stakeholders' experiences, perceptions and understanding of externalisation policies and the decentralization reform and their effects on the service delivery performance of the local governments in the province. Empirical data gathered from interviews is backed by secondary data such as municipal reports, official statistics and reports, local newspapers, and available literature dealing with local government reforms in Turkey. After completing the fieldwork, the data gathered was coded and these codes were analysed in terms of the research questions. The data management stage involved a thematic framework which aims to reduce data to meaningful categories while identifying relationships between categories.

## **10.3 The Key Findings**

### **10.3.1 The Externalisation of Local Services**

In terms of policies of externalisation of local services, almost every stakeholder agreed that the externalisation of local services has numerous advantages in terms of effectiveness, efficiency and quality of service on the condition that accountability, corruption and transparency concerns are minimised. Externalisation is perceived as a quite effective method of local service delivery.

Another key finding is that although there is clear evidence indicating that there is a deliberate central government policy behind the laws regarding externalisation, this policy is not perceived truly by stakeholders as a solid government strategy aiming to achieve better local services. Externalisation policies and legal frameworks are perceived as an opportunity provided to local governments to produce effective services. Externalisation is rather seen as a useful service delivery model which is a requirement of the contemporary and global administrative and

economic system and a necessity to deliver services effectively while dealing with the financial deficits.

This research also found that although key stakeholders from municipalities such as mayors and municipal bureaucrats presented financial deficits, cost reduction and efficiency as the main reasons for externalisation, externalisation decisions usually are taken for practical and pragmatic targets. They are rather practical and pragmatist choices of mayors and municipal bureaucrats. In this sense, ideology and party politics have no significant effects on the externalisation decisions of municipalities.

On the other hand, another key finding obtained from the stakeholders is that externalisation has some significant flaws which brought many disadvantages and unintended consequences in the context of Turkish local governments. Lack of transparency in externalisation policies, clientelism and corruption concerns are suggested as the biggest disadvantages of the externalisation of local services by stakeholders. Even if municipal procurement process is transparent and fair and the winning contractor is the best and rational choice, there are likely to be corruption claims because of the mayor's strong political identity and the embedded relationship between mayors and their political parties.

In this context, while efficiency claims are valid in many cases; personal choices, political expectations and pragmatic reasons have also considerable influence on mayors' decisions. When this power is used for political clientelism, externalisation of municipal services becomes a problematic phenomenon which prevents municipalities from achieving the intended outcomes of their service delivery

The research also found that municipal corporations are considered a useful and practical method of externalisation of local services, because they are under private law and not subject to restrictive public administration frameworks. What makes the Turkish case distinctive is that municipal corporations are established mainly for practical reasons rather than concerns rooted in economic rationality. These practical reasons become more obvious when municipal corporations are used to fulfil certain social needs of the local people. In those cases, the main motivation is to keep the citizens' level of satisfaction higher, rather than making profit or reducing the cost of municipal services. Avoiding bureaucratic constraints and the flexible nature of a private company are also mentioned by stakeholders as other main

reasons for the establishment of municipal corporations. However, many stakeholders claimed that the flexibility and ease of corporations' employment procedures create a suitable environment to be exploited by local politicians in terms of corruption, clientelism and patronage.

Another major finding of the research is related to unintended consequences of the subcontracting system. The term is used for contracting out employment services of state agencies and municipalities in Turkey. It is currently a problematic and debatable issue and is criticised by almost everybody including mayors and municipal bureaucrats who benefit from its advantages regarding cost reduction and flexibility in employment policies. The subcontracting system involves fewer constraints during recruitment and dismissal, less pressure on wages and working hours and fewer obligations concerning occupational health and safety. Municipalities mostly contract out employment services and deliver labour intensive services such as garbage collection, cleaning, maintenance of parks, gardens and roads with contracted workers. As most municipal services are labour intensive, most of efficiency gains from contracting out come from employing workers with lower wages through externalisation of employment. Therefore, the subcontracting system is justified on the grounds that it brings many advantages in reducing the labour cost. All the negative outcomes of the country's subcontracting system on the financial and social rights of the subcontracted workers can be observed in Manisa province. The unpleasant working conditions of subcontracted workers and their low wages can explain some of the main problems of the externalisation of local services in Turkey.

The research found that unionisation ceased to be considered a significant factor when municipalities apply a more complex mix of alternative service delivery models, especially employing subcontracted workers. The complex nature of the relationship between labour unions and municipalities and weak labour unions in terms of bargaining power have significant roles on deepening the problems of the subcontracting system. In this context, labour unions have no significant effect on municipal externalisation decisions because they have limited power and cannot impose any threat to the municipalities because of the current legal framework and strong ties between unions and political parties in Turkey.

In terms of blame-shifting, Turkey exhibits different features from many other countries. Even though municipal services are delivered by private contractors, citizens hold mayors accountable and responsible for the poor performances of contractors. This is mainly because citizens have little knowledge about their municipalities' externalisation practices. In addition, mayors do not follow the rhetoric of blame-shifting because of the fear of losing votes at the next election, as they are aware of the fact that citizens don't care who delivers local services or whether the contractor is responsible or not. As a result, effectiveness and efficiency targets are likely to be of secondary importance in externalisation decisions and their implementation because mayors follow populist policies in order to remain in power.

Finally, blame-shifting issues become more complex when it comes to governors' perceived responsibilities and duties. Even though local services are delivered by municipalities or contracted out to the private sector, those services are perceived by citizens as state services. In other words, there is no clear distinction between public institutions in the eyes of citizens; rather, they hold all relevant state and local authorities corporately accountable in many cases, regardless of their duties and responsibilities. Expectations from governors and district governors in the case of poorly delivered local services represent an interesting example of this reality, even if those services are not governors' duties. Local people may hold governors responsible or blame them for municipal service failures, expecting them to use legal powers and sanctions on both municipalities and private contractors as a representative of central government. This approach can be considered a clear example of how the phenomenon of the sacred nature of the state is still alive in Turkish society.

### **10.3.2 The Decentralisation Reform**

One of the clear findings of the research is that although NPM ideas and practices work well in many aspects, public sector reforms actually have all kinds of intended and unintended consequences; there is no single obvious outcome. The research found decentralisation and externalisation policies in Turkey have many unintended outcomes, while reaching many of the targets stated in the official agenda.



NPM-inspired reforms are mainly driven by practical reasons and political motivations in Turkey. In many cases, NPM practices have been used as instruments to achieve more practical and pragmatic targets, and these formed an additional agenda along with the 'official' NPM-driven agenda. It can be said that the recent decentralisation reform was a management reform with a strong political agenda. Although it was justified by managerial purposes such as providing better local services, it was rather seen by many stakeholders as a political and practical move by the government, aiming to hold political power by using GCMs as a political instrument.

The next finding of the research is that GCM reforms focused on improvements in service delivery as the most expected and desired consequence, rather than other common targets of decentralisation reforms conducted elsewhere, such as promoting local democracy and subsidiary principles, ensuring citizen participation, and transforming administrative structures. The reform aimed to create decentralised and flexible local service delivery organizations that would take advantage of managerial ideas and geographical proximity because they are the closest units to local people to decide what is best for the city. However, the reform has been heavily criticised by many, who claim that the reform lacks clear targets regarding the strengthening of local governments in order to fulfil local democracy and subsidiary principles.

The findings obtained from stakeholders suggested that there were some achievements and improvements in service delivery as an intended consequence of the reform. Stakeholders' perceptions of the effectiveness of the reform vary because citizens' expectations from the decentralisation reform are mainly shaped by practical reasons and their political views. Despite those differences in perceptions of stakeholders, there was enough evidence to suggest that the MGCM was able to carry out public works on a much larger scale and to provide better public services, especially in water, sanitation, roads and public transportation services thanks to its big budget and the powers delegated by the central government. In addition, there is a public consensus on the benefit of the good urban planning and planning integrity the MGCM can provide.

On the other hand, this research found that there were many unintended consequences of the reform which overshadowed those achievements. First, better

local service delivery did not seem to materialise in several areas, especially in rural areas of the province mostly because of the long distance between local units. Moreover, there was a decrease in service quality and service delays have become increasingly common because of the problems during the restructuring period. The law did not provide enough time for local governments to prepare themselves for the new system and to complete their restructuring process before the law came into effect.

Secondly, the poorly written nature of the law played an important role in many drawbacks of the reform. The law has many inconsistencies and contradictions, which leave many areas unclear, especially in determining the responsibilities and duties between local governments and certain boundaries between local governments' service areas. Consequently, this has led to a turf war among local political actors, which has had serious negative effects on local service delivery. Thirdly, district municipalities found themselves in a very disadvantageous position with very limited revenue, because a big percentage of their revenue was transferred to GCMs while they were given more responsibilities in some service areas with the expansion of their municipal borders to districts borders.

Another key finding obtained from the stakeholders is that the reform obviously represented a power shift from rural areas to urban areas in terms of political power and influence on public investment decisions. It is argued that Greater City Municipalities and local politicians give precedence to central municipalities and highly populated areas because of their number of potential voters and disregard other cities with smaller populations. In practice, rural areas and small cities will always be the disadvantaged side although one of the intended consequences of the reform was to provide better services for rural and district municipalities.

Taking into consideration the findings obtained from the stakeholders, it can be concluded that increased political conflict between local governments and other local actors has prevented the reform from achieving many of its short-term targets. Political conflict between the MGCM Council, the Mayor of the MGCM and mayors of district municipalities has negatively affected local service delivery in the province. GCM Councils comprise mayors of GCMs, mayors of districts and local politicians from different political parties. The result is a highly competitive political environment. As many stakeholders mentioned, even where a GCM and district

municipalities are ruled by same political party, there could still be tension and conflict between those actors at some level, as it is witnessed in many other newly established GCMs.

What this finding tells us is that politics is the major determinant factor that affects the outcome of the reform in terms of the effectiveness of service delivery. It is a commonly accepted argument that current political conflicts reduce the effectiveness of local services and jeopardise the aims of the reform. Moreover, the experience of the stakeholders confirmed that citizens are put in a difficult position because of political conflict between municipalities ruled by different political parties, describing it as “stuck in the middle”. It is always a hard task to achieve a consensus between elected mayors and to build trust between local governments. It is even more difficult in the case of Turkey, where local democracy is not well developed and institutionalised, where citizen participation is still not at a desired level, and where local governments still represent the weakest part of the country’s administrative system. There was no mechanism applied to reduce the political conflict which affects service delivery negatively.

Another finding of the research is that the law also has significantly empowered Mayors of GCMs in political arena, making them very powerful political figures in their provinces thanks to enormous financial capacities of GCMs. It can be suggested that Mayors of GCMs now hold the most important position of their political party in the provinces. Therefore, it can be expected that the strong mayors of GCMs will affect the dynamics of local politics because other local political actors such as members of parliament, district mayors and party members now have to find a way to deal with the popularity and the power of GCM Mayors in a highly competitive political arena.

The research also revealed that the reform created a more centralised model of local service delivery, rather than a decentralised and flexible approach to local governments. The intended outcome was to create faster, decentralised and flexible local service delivery organisations by delegating the power of old traditional bureaucratic structures to local governments. On the contrast, the result was not satisfactory because the reform created another bureaucratic and huge organisation, Greater City Municipality. Consequently, the result was an increase in paperwork and bureaucracy for people, especially those living in districts. These

new procedures and organisational restructuring have replaced the old work plan and communication channels for citizens. In this context, as an unintended consequence of the reform, the reform has created very powerful GCM mayors who are not easy to be reached by local people and strengthened the position of Greater City Municipality bureaucrats in practice.

Finally, as an intended outcome of the reform, GCM Reform constitutes a fundamental change to the prefectural system and that it has weakened the roles and functions of the governors and district governors in terms of public service planning and policy implementations in many areas. However, although governors and district governors seem to have lost power or influence among local actors with the reform, there is not a fundamental change in citizens' perceptions of governors and district governors as a representative of the state authority. Indeed, district governorships play a pioneering and leading role in solving problems in the districts even though those problems are not directly related to their duties and responsibilities. The research found that the reform did not actually erode the traditional roles and functions of governors and district governors in the administrative system, because the reform did not bring any amendments to the traditional duties and functions of governors and district governors such as representing the state and the government, monitoring all public institutions, ensuring all major public services are delivered effectively.

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