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# Institutional and Performance Effects of Administrative Decentralization in Croatian Territorial Governance Setting\*

Instytucjonalne i realizacyjne skutki decentralizacji administracji publicznej w warunkach chorwackiej administracji terenowej

#### ABSTRACT

In 2020, the deconcentrated model of the performance of state administration tasks in Croatian territorial units was replaced with the model of administrative decentralization. The new State Administration System Act abolished the county state administration offices as first-instance state administration bodies and transferred their tasks to the delegated scope of competence of counties as second-level self-government units. The paper explores the effects of administrative decentralization. Based on theoretical assumptions on decentralization effects, comparative experience with administrative decentralization ex-ante evaluation of county state administration offices abolition, five hypotheses about the effects of administrative decentralization in Croatian territorial governance setting are formulated. The hypotheses are tested by analysis of the legal and institutional framework of the performance of delegated tasks,

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empirical data gathered through the questionnaires, nine interviews, and secondary data. The results show that administrative decentralization strengthened the role of Croatian counties, strengthened their administrative role, strengthened the role of county governors, increased the horizontal and weakened vertical coordination, improved some aspects of service delivery but not uniformity in service provision across the state territory, and improved the transparency but not led to the democratization of county government. Five national-specific factors are analyzed as possible explanations for such results: general societal trends, external pressures, characteristics of Croatian public administration, general features of the Croatian local self-government system, and adopted organizational design.

**Keywords:** administrative decentralization; decentralization effects; delegated scope of competences; Croatia

## INTRODUCTION

Croatia is a unitary, centralized state with local self-government institutions organized at two territorial tiers, the first comprising municipalities (428) and towns (128) and the second comprising counties (20). Counties (*županije*) as the second-level self-governing units were established in 1993. During the 1990s, they had dual status as second-level self-governing units and state territorial administrative units. After constitutional amendments in 2000 and the adoption of the new Act on local and territorial (regional) self-government in 2001, counties became solely self-governing units competent for: education; health care; spatial and urban planning; economic development; traffic and transport infrastructure; maintenance of public roads; planning and development of a network of educational, health, social and cultural institutions; issuance of construction and location permits, other acts related to construction, and implementation of spatial planning documents. They are headed by the county assembly (*županijska skupština*) as a representative, and a directly elected governor (*župan*) as an executive body.

Until legislative changes in 2019, the performance of state administration tasks in Croatian territorial units relied on the deconcentration model with county state administration offices (CSAOs; 20) as first-instance state administration bodies organized in parallel with county self-government administration and central state administration deconcentrated units. CSAOs were established in 2000 by the merger of ministerial deconcentrated units coordinated by county governors that had a dual role as a state territorial representative and holders of executive power in counties as second-level self-government units.<sup>2</sup> They performed tasks for different ministries, including general administration and legal-property affairs, education, health,

<sup>&</sup>lt;sup>1</sup> Article 129a of the Constitution of the Republic of Croatia (Official Gazette 56/90, 135/97, 08/98, 113/00, 124/00, 28/01, 41/01, 55/01, 76/10, 85/10, 05/14).

<sup>&</sup>lt;sup>2</sup> See I. Lopižić, A. Barta, *Deconcentrated State Administration in Croatia and Hungary – Same Aims Different Pathways*, "Juridical Tribune – Tribuna Juridica" 2022, vol. 12(2), pp. 249–250.

social care, war veterans, and the economy. The analysis of their performance<sup>3</sup> showed that CSAOs were predominantly engaged in general administration affairs (83.1% of solved cases in 2015), following the economy (10.35% of solved cases in 2015). In 2019, CSAOs employed around 2,500 state civil servants.

In 2019, the new State Administration System Act<sup>4</sup> was adopted. The Act abolished CSAOs as first-instance state administration bodies and transferred their competencies to county self-government units' delegated scope of competence. The deconcentration model of the performance of state administration tasks was replaced by the administrative decentralization model with county administration offices (CAOs) performing their own, self-governing, and delegated, state administration tasks. This organizational change represents administrative decentralization as a modest change of intergovernmental relations in which local self-government units only execute transferred state functions and have no regulatory powers over them.<sup>5</sup> The CSAOs ceased their work as of 1 January 2020.

The aim of the paper is to explore and assess the effects of administrative decentralization in the Croatian territorial governance context. Based on theoretical assumptions about administrative decentralization effects,<sup>6</sup> comparative research on the realization of administrative decentralization effects in German federal states (*Länder*)<sup>7</sup> and the Czech Republic,<sup>8</sup> and ex-ante evaluation of the CSAOs abolition,<sup>9</sup>

<sup>&</sup>lt;sup>3</sup> Ministry of Public Administration, *Izvješće o radu ureda državne uprave u županijama za 2015. godinu*, 8.7.2016, https://mpu.gov.hr/UserDocsImages//MURH-%20arhiva/Strategije,%20 planovi%20i%20izvješća/Izvješća//Izvješće%20o%20radu%20ureda%20državne%20uprave%20u%20županijama%20za%202015.%20godinu.pdf (access: 13.7.2023).

<sup>&</sup>lt;sup>4</sup> Official Gazette 69/19, hereinafter: SASA.

<sup>&</sup>lt;sup>5</sup> See S. Kuhlmann, Administrative Reforms in Intergovernmental Setting: Impacts on Multi-Level Governance from a Comparative Perspective, [in:] Multi-Level Governance: The Missing Linkages, ed. E. Ongaro, Bingley 2015, p. 187.

<sup>&</sup>lt;sup>6</sup> See R. Reiter, S. Grohs, F. Ebinger, S. Kuhlmann, J. Bogumil, *Impacts of Decentralization: The French Experience in a Comparative Perspective*, "French Politics" 2010, vol. 8(2); S. Kuhlmann, H. Wollmann, *The Evaluation of Institutional Reforms at Sub-national Government Levels: A Still Neglected Research Agenda*, "Local Government Studies" 2011, vol. 37(5); S. Kuhlmann, S. Grohs, J. Bogumil, *Reforming Public Administration in Multilevel Systems: An Evaluation of Performance Changes in European Local Governments*, [in:] *Public Administration and the Modern State*, eds. E. Bohne, J. Graham, J.C.N. Raad-schelders, J.P. Lehrke, Hampshire–New York 2014; S. Kuhlmann, *op. cit.*; S. Kuhlmann, E. Wayenberg, *Institutional Impact Assessment in Multi-Level Systems: Conceptualizing Decentralization Effects from a Comparative Perspective*, "International Review of Administrative Sciences" 2016, vol. 82(2).

<sup>&</sup>lt;sup>7</sup> R. Reiter, S. Grohs, F. Ebinger, S. Kuhlmann, J. Bogumil, *op. cit.*; S. Kuhlmann, S. Grohs, J. Bogumil, *op. cit.*; S. Kuhlmann, *op. cit.*; F. Ebinger, P. Richter, *Decentralizing for Performance? A Quantitative Assessment of Functional Reforms in the German Länder*, "International Review of Administrative Science" 2016, vol. 82(2).

<sup>&</sup>lt;sup>8</sup> I. Lopižić, *Preneseni djelokrug u lokalnoj samoupravi: teorijska razmatranja i komparativna iskustva*, "Pravni vjesnik" 2021, vol. 37(3–4).

<sup>&</sup>lt;sup>9</sup> I. Lopižić, R. Manojlović Toman, *Prethodna evaluacija ukidanja ureda državne uprave u županija*, "Zbornik Pravnog fakulteta u Zagrebu" 2019, vol. 69(5–6).

hypotheses about administrative decentralization effects in Croatia are formulated. The first two hypotheses relate to institutional, and the last three hypotheses relate to the performance effects of administrative decentralization. The hypotheses are tested and discussed by legal analysis and the analysis of empirical data gathered through interviews and questionnaires. In addition to providing evidence on the Croatian case, the paper is expected to contribute to the general knowledge about administrative decentralization since Croatia is the only European country other than some German *Länder* and the Czech Republic that abolished first-instance state administration bodies and transferred their tasks to local units' delegated scope of competence.

## RESEARCH AND RESULTS

# 1. The effects of administrative decentralization: theoretical assumptions, comparative evidence, and the Croatian case

Administrative decentralization is a process of transferring state administration tasks from state administration bodies to local units' delegated scope of competence. As a result of this process, local units perform both their own, self-governing tasks and delegated, state administration tasks. Depending on the type of tasks they perform, the autonomy and legal position of local units differ. When performing state administration tasks, local units have no regulatory powers over the tasks, they are subject to more intense state supervision (including supervision of purposefulness), and the performance of tasks is financed from the state budget. Administrative decentralization is thus called false decentralization (*unechte Kommunalisierung*) unlike political decentralization as a real (*echte Kommunalisierung*) type of decentralization.

The effects of administrative decentralization may be conceptualized as two-fold: those related to the role of local self-government units in territorial governance (institutional effects) and those related to the performance of public affairs in territorial units (performance effects). It is expected that administrative decentralization affects the role of local self-government units in territorial governance in three directions: it strengthens territorial and multi-functional principles in the performance of public affairs in territorial units, the role of the local executive body in relation to a local representative body, and the administrative role of local self-government units. The strengthening of the territorial and multi-functional principle means that public affairs are performed within one territorial unit while organizational units

<sup>&</sup>lt;sup>10</sup> I. Koprić, G. Marčetić, A. Musa, V. Đulabić, G. Lalić Novak, *Upravna znanost – javna uprava u suvremenom europskom kontekstu*, Zagreb 2021, pp. 300–301.

<sup>&</sup>lt;sup>11</sup> S. Kuhlmann, H. Wollmann, *Introduction to Comparative Public Administration: Administrative Systems and Reforms in Europe*, Cheltenham 2019, pp. 161–163.

specialized for certain public affairs are established as an exception. <sup>12</sup> Administrative decentralization strengthens the role of the local executive body that controls, coordinates, and supervises local administrative organizations performing delegated tasks in relation to local representative bodies that have no formal regulatory powers over the execution of delegated tasks. <sup>13</sup> Finally, administrative decentralization strengthens the administrative role of local self-government units that now provide a broader range of public services but with limited autonomy and under intensive supervision of central state administration. <sup>14</sup>

The performance effects are conceptualized through input, process, and output dimensions, following and adapting the literature on the performance of (administrative) organizations on the effects of decentralization processes. In relation to the input dimension, it is expected that administrative decentralization will slightly strengthen democracy, transparency, and accountability in local government and slightly enhance citizens' participation in local decision-making. In relation to the process dimension, it is expected that administrative decentralization will strengthen horizontal coordination within local units and enable a more integrated approach in local government. However, it will simultaneously weaken vertical coordination and state supervision over delegated tasks. Finally, in relation to the output dimension, administrative decentralization is expected to lead to inequalities in service provision, possible political interventions in the performance of delegated tasks, but also some savings in local expenditures.<sup>15</sup>

Authors however indicate intervening factors that may enhance or hinder the effects of administrative decentralization recognizing local capacity as the main determinant of administrative decentralization success. <sup>16</sup> Empirical evidence from German *Länder* that implemented administrative decentralization reforms confirms the capacity of local self-government units as a crucial intervening factor shaping administrative decentralization effects. <sup>17</sup> The comparison of the administrative

<sup>&</sup>lt;sup>12</sup> H. Wollmann, Comparing Local Government Reforms in England, Sweden, France and Germany: Between Continuity and Change, Divergence and Convergence, Ludwigsburg 2008, pp. 15–16.

<sup>&</sup>lt;sup>13</sup> Idem, Reforming Local Leadership and Local Democracy: The Cases of England, Sweden, Germany and France in Comparative Perspective, "Local Government Studies" 2008, vol. 34(2), pp. 280–281.

<sup>&</sup>lt;sup>14</sup> I. Koprić, *Lokalna samouprava u razvoju – vrijednosti i uloge*, 2015, https://www.academia.edu/21588077/%20Uloge lokalne samouprave (access: 15.7.2023), pp. 3–4.

<sup>&</sup>lt;sup>15</sup> R. Reiter, S. Grohs, F. Ebinger, S. Kuhlmann, J. Bogumil, *op. cit.*; S. Kuhlmann, H. Wollmann, *The Evaluation...*; S. Kuhlmann, S. Grohs, J. Bogumil, *op. cit.*; S. Kuhlmann, *op. cit.*; S. Kuhlmann, E. Wayenberg, *op. cit.* 

<sup>&</sup>lt;sup>16</sup> See I. Koprić, *Lokalna samouprava – nacrt skripta za studij javne uprave*, Zagreb 2005.

<sup>&</sup>lt;sup>17</sup> F. Ebinger, S. Grohs, R. Reiter, *The Performance of Decentralization Strategies Compared:* An Assessment of Decentralization Strategies and Their Impact on Local Government Performance in Germany, France and England, "Local Government Studies" 2011, vol. 37(5); S. Kuhlmann, S. Grohs, J. Bogumil, *op. cit.*; S. Kuhlmann, *op. cit.*; F. Ebinger, P. Richter, *op. cit.* 

decentralization in German *Länder* and Czech municipalities as examples of administrative decentralization processes implemented in significantly different territorial governance settings<sup>18</sup> indicates some other factors that could explain deviations of actual administrative decentralization effects from theoretically formulated ones. These are characteristics of the decentralization process, administrative tradition and model of local self-government, territorial scale where decentralization occurs, type of delegated affairs, and time.<sup>19</sup>

The predicted effects of administrative decentralization in Croatia have been researched in the ex-ante evaluation of CSAOs' abolition conducted in 2019.<sup>20</sup> The evaluation relied on the analysis of the reorganization goals proclaimed in the official Government documents, the analysis of the parliamentary debate on the adoption of the new SASA, the predictions of the top state and county civil servants and county governors about the effects of administrative decentralization gathered by questionnaires, and analysis of general public and academic community views on the organizational change expressed in e-consultation procedure and scientific papers.

In line with theoretical assumptions on institutional effects, the ex-ante evaluation of CSAOs' abolition indicated that the abolition of CSAOs might strengthen the role of counties in territorial governance, petrify the existing territorial organization of Croatian counties, enhance the administrative role of counties that will serve as a prolonged arm of the central state with no regulatory power over delegated tasks, and strengthen the role of the county governor. Additionally, it can be expected that the factor of administrative tradition may intervene in the realization of institutional effects. During the 1990s, counties had a dual role of state territorial and second-level self-governing units with county governors acting both as territorial state representatives and holders of executive power in counties. The institutional memory of their administrative role and the role of county governor may facilitate the realization of theoretically formulated institutional effects. Therefore, two hypotheses for the Croatian case are formulated:

H1: Administrative decentralization has strengthened the role of counties in the Croatian administrative and political system and has strengthened their administrative role.

H2: Administrative decentralization has strengthened the role of county governors.

In line with the theoretical assumptions on the input dimension of performance effects, the ex-ante evaluation indicated that the abolition of the CSAOs might have limited influence on the democratization of the local decision-making process (with the expected growth in the role of counties' representative body but low effect

<sup>&</sup>lt;sup>18</sup> I. Lopižić, *Preneseni djelokrug...*, pp. 139–140.

<sup>&</sup>lt;sup>19</sup> Cf. S. Kuhlmann, E. Wayenberg, op. cit.

<sup>&</sup>lt;sup>20</sup> See I. Lopižić, R. Manojlović Toman, *Prethodna evaluacija ukidanja*...

on citizens' participation in the work of county administration). The comparative experience shows that the input dimension effects depend on local units' capacity: administrative decentralization has to some extent even decreased the level of democratization in German counties with low capacities.<sup>21</sup> Croatian counties have low financial, administrative, and personnel capacities<sup>22</sup> and their territorial organization and functioning have been criticized.<sup>23</sup> Furthermore, delegated tasks are predominantly of an executive nature and thoroughly regulated by central state legislation.<sup>24</sup> Considering the intervening factor of inadequate capacities of Croatian counties and the intervening factor of characteristics of delegated tasks the following hypothesis for the Croatian case is formulated:

H3: Administrative decentralization has not increased the level of democratization of county government.

In line with theoretical assumptions on the process dimension of performance effects, the ex-ante evaluation showed that the abolition of the CSAOs might lead to the strengthening of horizontal coordination through more intensive collaboration within county administration, among counties and local units within the respective county, and among different counties. The weakening of vertical coordination relies on theoretical assumptions and comparative experience with decentralization effects. In the Croatian case, it is expected that vertical coordination in the performance of decentralized tasks will only slightly decrease due to the factor of unchanged territorial area where delegated tasks are performed. Therefore, the following hypothesis is formulated:

H4: Administrative decentralization has weakened vertical and has strengthened horizontal coordination.

In line with theoretical assumptions on the output dimension of performance effects, the ex-ante evaluation showed that CSAOs' abolition might improve the availability and speed in the provision of decentralized services since all county-level services will be provided at the same place. Simultaneously, the administrative decentralization theory and comparative experiences confirm that administrative decentralization leads to a decrease in uniformity in service provision. This decentralization effect was expressed during the parliamentary debate in the Croatian parliament. Therefore, the following hypothesis is formulated:

<sup>&</sup>lt;sup>21</sup> S. Kuhlmann, op. cit., p. 200, 206.

<sup>&</sup>lt;sup>22</sup> V. Đulabić, Harmonizacija regionalne samouprave i regionalno pitanje u Hrvatskoj, [in:] Europeizacija hrvatske lokalne samouprave: dva desetljeća primjene standarda Europske povelje o lokalnoj samoupravi, ed. I. Koprić, Zagreb 2018.

<sup>&</sup>lt;sup>23</sup> V. Đulabić, D. Čepo, *Regionalism and Sub-Regional Representation: A Guide to the County Transformation of Croatia*, "Hrvatska i komparativna javna uprava: časopis za teoriju i praksu javne uprave" 2017, vol. 17(4).

<sup>&</sup>lt;sup>24</sup> I. Lopižić, *Uloga ureda državne uprave u hrvatskome upravno-političkom sustavu*, "Hrvatska i komparativna javna uprava: časopis za teoriju i praksu javne uprave" 2020, vol. 20(3).

H5: Administrative decentralization has improved the service delivery of decentralized tasks but has not improved the uniformity of service provision over the entire state territory.

# 2. Research methodology

The hypotheses about the effects of administrative decentralization in Croatia are tested by combining the analysis of empirical data gathered through question-naires and interviews, the analysis of the legal and institutional framework of the performance of delegated tasks, and the analysis of secondary data stemming from official statistics, official reports, and academic papers.

The methodology of gathering and analyzing the empirical data relies on the triangulation of qualitative data from the interviews and quantitative data from the questionnaires. The interviews were conducted with the heads of county administration offices for general administration/general administration and property-legal affairs (9 in total) in May 2021.<sup>25</sup>

The questionnaires were sent to three groups of respondents. The first questionnaire was sent to the heads of CAOs (203 in total) in February–March 2023 with a response rate of 47.7% (97 answers in total). The second one was sent to all county governors and their deputies (51 in total) in February–March 2023 with a response rate of 21% (11 answers). The third one was sent to county civil servants working in county administration offices for general administration, general administration, and property-legal affairs in April–May 2023. Since there is no exact data on the number of civil servants working in these offices, an e-mail was sent to the heads of the offices with the request to circulate the questionnaire and inform the authors about the number of civil servants employed in their offices. Ten heads of the offices have responded to the request, reporting 426 civil servants. The answers to the questionnaire were given by 245 civil servants (57% response rate).

The questionnaires sent to the heads of CAOs and to the governors and their deputies contain the same questions (see Table A1), while the one sent to the civil servants contains a special set of questions (see Table A2). In all the questionnaires, a four-point Likert scale was used, where point 1 indicates that the respondent feels the decentralization had no effect, point 2 a small effect, point 3 a medium effect, and point 4 a high effect on selected dimensions. The respondents had the possibility to choose the "I don't know/don't want to respond" answer. The data is analyzed by means of descriptive and inferential statistics (standard deviation, *t*-test; see Table A1). The indicators used to test each hypothesis are listed in Tables A1 and A2.

<sup>&</sup>lt;sup>25</sup> See I. Lopižić, R. Manojlović Toman, *Integracija poslova ureda državne uprave u županijsku upravu: dosadašnji rezultati*, "Zbornik Pravnog fakulteta u Zagrebu" 2021, vol. 71(3–4).

# 3. Testing the hypothesis

#### Institutional effects of administrative decentralization

The first research question relates to the strengthening of the role of counties in the Croatian administrative and political system and the strengthening of their administrative role. The first indicator of the strengthening of the position of the counties is visible through the significant increase in the number of county civil servants from 2,409 in 2019 to 4,118 in 2020 (70.9%). There is no data on the number of county civil servants in later years. However, the interviews suggest that the number of county civil servants continued to increase due to the employment of new civil servants working on delegated tasks in some counties. Additionally, counties overtook more than 60 affairs previously performed by CSAOs28 which significantly increased their scope of competence and strengthened the multi-functional principle of performance of public affairs in territorial units. Counties got 81.9% financial means more in 2020 from the central state budget than in 2019. The strengthened position of counties in the Croatian administrative and political system has also been confirmed by interviews with heads of CAOs who all agree on this topic.

Apart from the overall strengthening of the counties, the data indicate a particular strengthening of their administrative role, as confirmed by the interviewee who stated "Now the counties are the CSAO's, and the development role of the counties is neglected which is contrary to their developmental and self-governing role guaranteed in the Constitution. If we analyze the county, it is not a unit of self-government anymore but a central state body (...)" (I1). Additionally, legal provisions regulating the central state supervision over the performance of delegated tasks foresee intensive supervisory powers of the state over county government. Altogether, the data confirm the hypothesis on the strengthening of the role of counties in the Croatian political and administrative system and strengthening of their administrative role.

The second research question relates to the effect of administrative decentralization on the role of the county governor. As regulated by legislation, the county governor is responsible to the central state for the execution of delegated tasks,<sup>31</sup> appoints the heads of county administration offices, and coordinates and controls

<sup>&</sup>lt;sup>26</sup> Ministry of Finance, *Izvještaj o izvršenju lokalnih proračuna*, https://mfin.gov.hr/istaknute-teme/lokalna-samouprava/financijski-izvjestaji-jlp-r-s/203 (access: 14.7.2023).

<sup>&</sup>lt;sup>27</sup> I. Lopižić, R. Manojlović Toman, *Integracija poslova ureda*..., pp. 489–490.

<sup>&</sup>lt;sup>28</sup> I. Lopižić, *Uloga ureda državne uprave...*, p. 563.

<sup>&</sup>lt;sup>29</sup> Ministry of Finance, op. cit.

<sup>&</sup>lt;sup>30</sup> Articles 28–30 SASA.

<sup>&</sup>lt;sup>31</sup> Article 35 SASA.

their work.<sup>32</sup> Data on the increase in the number of county civil servants, affairs performed by the counties, and the number of CAOs (from around 180 in 2019 to 203 in 2023) coordinated and controlled by county governors suggest that the role of county governors increased. Questionnaires support the increase in their role. This effect was predicted to be the most pronounced effect of administrative decentralization in 2019 research with the average answer of respondents higher than 3 (out of 4). The 2023 questionnaire confirmed that all groups of respondents see an increase in the role of county governors (average 2.68 for county civil servants and heads of CAOs, and 3 for governors and their deputies). Furthermore, this is the question with the highest value of the average answer (Table A1). Therefore, the hypothesis on the strengthening of the role of the county governor is confirmed.

#### PERFORMANCE EFFECTS OF ADMINISTRATIVE DECENTRALIZATION

The first research question relates to the effects administrative decentralization had on the democratization of county government. Data gathered by questionnaires shows that all the respondents agree that the transparency dimension of democratization has increased (heads of CAOs with a mode value of 3; county civil servants with an average value of 2.74 and 4 as a mode value; county governors and their deputies with an average of 2.81 with 4 as a mode value). Also, secondary data show continuous growth in counties' budgetary transparency<sup>33</sup> which indicates possible transparency increases in other areas.

Other dimensions of democratization show mixed results. The mode value of heads of CAOs for other democratization dimensions (citizens showing greater interest in the work of the county's administrative bodies and the county's governor; higher level of citizen participation in the work of the county's administrative bodies; growth in the importance of the county's representative body) is 1, indicating that no improvement is perceived. On the other hand, civil servants' answers perceive an increase in the inclusion of citizens in the work of county administration offices by means of petitions and other participation tools (average value of 2.49 with a mode value of 3) while county governors and their deputies see an increase in the importance of the county representative body (mode value of 3). However, the sample of county governors and their deputies cannot be considered representative and the official data on turnout in elections for county representative bodies

<sup>&</sup>lt;sup>32</sup> Articles 48 and 53a of the Act on Local and Territorial (Regional) Self-Government (Official Gazette 33/01, 60/01, 129/05, 109/07, 125/08, 36/09, 36/09, 150/11, 144/12, 19/13, 137/15, 123/17, 98/19, 144/20).

<sup>&</sup>lt;sup>33</sup> M. Bronić, K. Ott, M. Petrušić, S. Prijanović, B. Stanić, *Proračunska transparentnost županija, gradova i općina*, November 2022 – April 2023, https://www.ijf.hr/files/file/prezentacije/Prijakovic 05072023.pdf (access: 10.9.2023).

show that the turnout has not changed from 2009 to today, moving from 46.9% to 47.1% through the election years<sup>34</sup> indicating there had been no changes in the perceived importance of county representative bodies by the citizens. Altogether, the data show that the hypothesis cannot be completely confirmed.

The second research question relates to the effects of administrative decentralization on vertical and horizontal coordination.

As for vertical coordination, although the legal provisions allow the central government's stronger supervision over counties' execution of delegated affairs, all the interviewees agree upon weak central state control suggesting there is no uniform controlling or reporting system over counties' delegated scope of competence. According to an interviewee, the supervision "is more spontaneous and individual than organized" (I2). The relations with ministries have not changed and they depend on informal contacts of county servants with their colleagues in ministries. The questionnaire supports this. The heads of CAOs perceive state supervision has not improved in quality and uniformity or intensity (average answers 2.27 and 2.25 with the mode value of 1 for both dimensions). County civil servants do not see the supervision of the central state as particularly intensive (mode value of 2). However, they feel that communication with the central state allows efficient task execution (mode value of 3) but do not consider it as frequent (mode value of 2). On the contrary, the governors and their deputies see improvements in the quality and uniformity of central state supervision (mode value of 4) and its intensity (mode value of 3). It may be assumed that they perceive it differently from other respondents because they are the ones who are legally responsible to the central state for the execution of delegated tasks.

In addition, vertical coordination of local units through supervision of the legality of local acts decreased due to a significant increase in the range of contact. The Ministry of Justice and Public Administration (MJPA) is now in charge of the legality control of acts adopted by 556 local units that were previously supervised by 20 CSAOs. In 2015, CSAOs supervised the legality of 4,112 general local acts in total.<sup>35</sup> It is hard to expect that MJPA has the capacity for supervision of that amount of local acts. This problem was recognized by one of the interviewees who concluded that the supervision over local units is "the weakest link of this reorganization… nor central bodies are equipped or have established organizational units for legality control" (I2).

In total, data show that the quality, uniformity, and intensity of central state supervision over county government have not increased. Even more, vertical coordination has decreased due to the loss of control over first-level local units.

<sup>&</sup>lt;sup>34</sup> M. Škarica, T. Vukojičić Tomić, *Croatia: Games of Local Democracy in the Shadow of National Politics*, [in:] *The Routledge Handbook of Local Elections and Voting in Europe*, eds. A. Gendźwiłł, U. Kjaer, K. Steyvers, London–New York 2022.

<sup>35</sup> Ministry of Public Administration, op. cit.

As for horizontal coordination, all of the interviewees have pointed out great differences between delegated and self-governing tasks that make their integration very challenging ("These tasks are fundamentally different", I3; "We who perform delegated tasks are very different from other CAOs", I4). Some of the interviewees claim there is no interest in the work of offices that perform delegated tasks ("My office is somehow always put aside, it is still considered to be state administration", I4). The civil servants' questionnaire has shown that civil servants working with delegated tasks feel that their colleagues do not understand the difference between counties' delegated and self-governing tasks but expressed that they feel fully integrated into the work of county administration (mode value of 4). The questionnaires show considerable improvements in horizontal coordination. The heads of the CAOs, governors, and their deputies perceive improvements in the coordination within the counties' offices (mode value 3 and average higher than 2.5), but also a more intensive collaboration among the counties (mode value 3 and average for all heads of 2.34 and 2.90 for the governors and deputies), and a higher level of collaboration between the counties and the local units in their territory (mode value 3 for heads and mode value 4 for governors). Civil servants think that collaboration with other CAOs is satisfactory (mode value 4). Therefore, the data confirmed the hypothesis that administrative decentralization has strengthened horizontal coordination.

The third research question relates to whether administrative decentralization improved service delivery and uniformity in the provision of decentralized services. Due to the fact that more county-level public services are performed by the county government, it can be assumed that the availability of services has increased. This is confirmed by some of the interviewees who claim that citizens now can get more services in one place ("Now more services are provided in one place, there were two locations before, now it is only one", I5) and they can get their services faster ("If we have all necessary documentation in one place, we don't have to ask citizens to get them from other bodies", I6).

The questionnaire data show that heads of CAOs see slight improvements in the speed and quality of services provided and possibilities for civil servants' education. However, when only answers given by heads with more than three years of experience are examined, the improvements are more pronounced with the average answer exceeding 2.5, reaching the highest point in the dimension of speed in service provision (2.76). These are the only three questions in which there is a statistically significant difference between heads of CAOs having more than three years of experience in relation to those with less than three years of experience in this position. Additionally, all categories of heads see positive improvements in the use of the new managerial instruments (2.54).

Heads of CAOs see no improvements in the expenditures for decentralized tasks provision (2.2), citizens' satisfaction with service delivery (2.26), and adjustment of services towards a specific group of users (2.32). The dimension in which there is

the least improvement is the uniformity in service provision across the state territory (average 2.17 and mode answer of 1). The county governors and their deputies see more improvements in service delivery, except for the dimension of equal quality of service provision across the state territory where the most frequent answer is 1. As for the civil servants, the majority of them do not see improvements in education possibilities and they think there are not enough civil servants working in their CAO.

The data partially confirmed the hypothesis on improved service delivery, with some, but not all, dimensions of service delivery showing improvement. Additionally, the data confirm that administrative decentralization has not improved the uniformity in the provision of decentralized tasks over the state territory.

# DISCUSSION

The research confirmed the validity of hypotheses H1, H2, and H4. The theoretical assumptions, comparative experiences, and identified specific national factors that may intervene in the realization of the decentralization effects were confirmed in the Croatian case in relation to the institutional effects and process dimension of performance administrative decentralization effects. Croatian case confirmed that administrative decentralization leads to altering the role of local self-government units that took over delegated state administration tasks in the political and administrative system, strengthening the role of their executive power, weakening vertical coordination, strengthening horizontal coordination, and not improving uniformity of provision of decentralized tasks over the state territory. The factors of local units' capacity, administrative tradition, type of delegated tasks, and territorial framework where decentralization occurs<sup>36</sup> proved to intervene in decentralization effects in the Croatian case too. However, it may be assumed that the realization of some of these effects in the Croatian case was further facilitated or supported by some other national-specific factors.

There are three national-specific factors that intervene in the realization of hypotheses H1, H2, and H4. The first factor is a new trend in the Croatian local self-government system consisting in the strengthening of the role of executive power in local units in relation to representative bodies introduced by amendments to the Act on local and territorial (regional) self-government ("Lex Sheriff") in 2017.<sup>37</sup> The second factor is the situation that most of the counties integrated all delegated state administration with self-governing tasks either within existing CAOs (integrated model) or by creating new CAOs only for some delegated tasks while

<sup>&</sup>lt;sup>36</sup> Cf. S. Kuhlmann, E. Wayenberg, op. cit.

<sup>&</sup>lt;sup>37</sup> See I. Koprić, Novela Zakona o lokalnoj i područnoj (regionalnoj) samoupravi iz 2017, [in:] Europeizacija hrvatske lokalne samouprave...

integrating others with the existing CAOs (mixed model). In only one county, all state administration tasks are performed within a CAO specialized for delegated tasks (separated model).<sup>38</sup> This organizational solution facilitated horizontal coordination within county administration. The third factor is generally weak coordination at the level of central state administration,<sup>39</sup> weak central state capacities for controlling the local self-government units,<sup>40</sup> and highly fragmented territorial organization<sup>41</sup> that altogether hinder vertical coordination.

Hypothesis H3 was partially confirmed. The level of democratization has not increased in most dimensions. However, the level of transparency has increased. The major national-specific factor impeding higher degrees of democratization is the culture of citizens' inactivity and lack of participation. Even though new participation instruments have been introduced (e.g. recall referenda, youth councils, minority councils, independent local lists, etc.), their usage is still not adequate. The factor that may explain the realization of the effect of increased transparency is the Europeanization process. The area of transparency is the one where Croatia is showing the best steps forward mainly due to the EU pressures. In recent years, this has been particularly visible in the local and regional self-government with a legal obligation to publish more information. Additionally, it is necessary to take into account the influence of the COVID-19 pandemic which has pushed the digitalization and publication of numerous data.

As for hypothesis H5, which is partially confirmed, three national-specific factors that might have affected different levels of realization of output dimension of decentralization effects or that might hinder or even endanger their future realization can be identified. The first factor is the decrease in the number of inhabitants, combined with

<sup>&</sup>lt;sup>38</sup> I. Lopižić, R. Manojlović Toman, *Integracija poslova ureda*...

<sup>&</sup>lt;sup>39</sup> T. Giljević, *Koordinativni kapacitet Vlade Republike Hrvatske: aktualno stanje i preporuke za poboljšanje*, "Sveske za javno pravo" 2017, vol. 8; I. Koprić, *Reforma javne uprave u Hrvatskoj: ni bolni rezovi ni postupne promjene – nužna je nova upravna paradigma*, "Političke analize" 2016, vol. 7(26).

<sup>&</sup>lt;sup>40</sup> I. Koprić, M. Crnković, I. Lopižić, Control Over Local Governments in Croatia: Many Components, Still Weak Control, [in:] A Threat to Autonomy? Control and Supervision of Local and Regional Government Activities / Les contrôles de l'action publique locale et régionale: une autonomie menacée?, eds. M.E. Geis, S. Guérard, X. Volmerange, Lille 2018.

<sup>&</sup>lt;sup>41</sup> I. Koprić, *Stanje lokalne samouprave u Hrvatskoj*, "Hrvatska javna uprava" 2010, vol. 10(3); V. Đulabić, *Županije i sudjelovanje građana*, [in:] *Referendum i neposredna demokracija u Hrvatskoj*, eds. I. Koprić, F. Staničić, Zagreb 2021.

<sup>&</sup>lt;sup>42</sup> I. Koprić, R. Manojlović, P. Đurman, P., *Development of Local Democracy in Croatia – Two Steps Forward, One Step Back. Or Vice Versa?*, https://www.psa.ac.uk/sites/default/files/conference/papers/2017/IK-RM-PD-Local%20democracy.pdf (access: 15.7.2023).

<sup>&</sup>lt;sup>43</sup> I. Koprić, *Public Administration Characteristics and Performance in EU28: Croatia*, https://op.europa.eu/en/publication-detail/-/publication/97f87f51-9608-11e8-8bc1-01aa75ed71a1/language -en (access: 15.7.2023); G. Marčetić, R. Manojlović Toman, L. Lopižić, *Reform of Croatian Public Administration: Challenges, Results, and Role of the EU*, [in:] *Crisis Era European Integration: Economic, Political and Social Lessons from Croatia*, eds. J. Puljiz, J. Butković (forthcoming 2023).

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the overall problem that Croatian public administration has when filling the vacancies<sup>44</sup> due to the loss of attractiveness of civil service as an employer. As expressed in interviews and questionnaires to county civil servants, this general trend is also visible at the county level. The second factor is the lack of an adequate system of human resources management which does not foresee systematic in-service training and human resources development, particularly at the local level. 45 Inadequate training has been recognized by county civil servants' questionnaires. The third factor is politicization as a continuing accompanying characteristic of Croatian public administration. 46 Although interviews and questionnaires suggest administrative decentralization did not lead to politicization, the media reports on the case of the county governor and head of the CAO being prosecuted with the charges of nepotism and politicization in the recruitment process. 47 Thus, a lack of personnel, an inadequate system of civil servants' training, and politicization can lead to a long-term decrease in the speed and quality of service provision, although this is not a pronounced problem for now. Anyhow, the COVID-19 pandemic should be taken into account when discussing the performance effects of administrative decentralization since it has quickened the digitalization of many of the work processes and thus alleviated the effect of the lack of personnel.

#### **CONCLUSIONS**

The research on administrative decentralization effects in Croatia shows that administrative decentralization strengthens the role of the counties, as units performing the decentralized affairs, and the role of the county governor as holder of executive power. It also shows that administrative decentralization improves the transparency of county government, horizontal coordination, and some aspects of service delivery, weakens vertical coordination, and does not lead to the uniformity of service provision over the state territory.

The research allowed conceptualizing factors that might have facilitated/supported or may hinder/endanger the future realization of administrative decentralization effects in Croatia. These factors may be classified as general societal trends

<sup>&</sup>lt;sup>44</sup> G. Marčetić, R. Manojlović Toman, J. Džinić, *Tackling the Challenge of Employment and Retention in the Civil Service*, EUPAN Presidency Brief Report Croatia, https://www.eupan.eu/wpcontent/uploads/2020/07/EUPAN-Presidency-Report-Croatia.pdf (access: 12.7.2023).

<sup>&</sup>lt;sup>45</sup> G. Marčetić, Novo lokalno službeničko pravo i upravljanje ljudskim potencijalima u reformiranoj lokalnoj samoupravi, [in:] Reforma lokalne i regionalne samouprave u Republici Hrvatskoj, ed. I. Koprić, Zagreb 2013.

<sup>&</sup>lt;sup>46</sup> I. Koprić, *Reforma hrvatske javne uprave: problemi, rješenja i zablude*, [in:] *Hrvatska država i uprava – stanje i perspektive*, ed. J. Barbić, Zagreb 2008; idem, *Reforma javne uprave...* 

<sup>&</sup>lt;sup>47</sup> Hina, *Akcija USKOK-a u Međimurju: Istražni zatvor policajcu i županijskom pročelniku*, https://www.vecernji.hr/vijesti/akcija-uskok-a-u-medimurju-istrazni-zatvor-policajcu-i-zupanijskom-procelniku-1522624 (access: 20.7.2023).

(demographic decline, COVID-19), external pressures (Europeanization process), characteristics of Croatian public administration (weak central state coordination and supervision capacity, the unattractiveness of civil service, politicization), general features of the Croatian local self-government system (trend towards strengthening of executive power in local government, highly fragmented territorial organization, inadequate human potentials management, culture of citizens participation inactivity), and adopted organizational design (integrated, separated of mixed models of delegated tasks integration).

The research has certain limitations. The questionnaire relies on perceptions. However, the analysis shows that there is a high homogeneity of answers, indicating that there is a high congruence between all respondents and thus a high probability of answers representing the real state of affairs. The sample size for county governors and their deputies is small. Nevertheless, combined with the results obtained from the heads of CAOs and civil servants and triangulated with the interviews, their answers can be used and interpreted. The research has not allowed to determine differences between the counties, since the questionnaire tried to guarantee the complete anonymity of the respondents. Although the homogeneity of answers does not indicate considerable differences are present, the interviews indicate that such differences might exist and should be investigated in future research to define county specificities that may be relevant for the realization of the effects.

The research on the Croatian administrative decentralization case contributes to the general knowledge about the effects of administrative decentralization and country-specific factors that intervene in their realization. It also opens up space for future research. Future research should deal with the effect of time on decentralization effects, examining whether the longer passage of time alters the effects. Also, it is necessary to point out that presently centralization trends are underway in Croatia, with sectoral laws being changed or proposals for their amendments being made. Such centralization might affect the quality of horizontal coordination, strengthen vertical coordination, and altogether affect the quality of services provided. Therefore, the research should be repeated in a few years to determine if the passage of time, combined with the current centralization trend has altered the results.

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#### **ABSTRAKT**

W 2020 r. zastąpiono zdekoncentrowany model wykonywania zadań administracji publicznej w chorwackich jednostkach terytorialnych modelem opartym na zasadzie decentralizacji administracji publicznej. Nowa ustawa o ustroju administracji państwowej zlikwidowała okregowe jednostki administracji państwowej jako organy administracji rządowej pierwszej instancji i przekazała ich zadania do delegowanego zakresu zadań okręgów jako jednostek samorządu terytorialnego drugiego szczebla. W niniejszym artykule zbadano skutki decentralizacji administracji publicznej. Opierając się na założeniach teoretycznych dotyczących skutków decentralizacji oraz na badaniu porównawczym decentralizacji administracji z oceną ex ante zniesienia okręgowych jednostek administracji państwowej, sformułowano pieć hipotez na temat skutków decentralizacji administracji w chorwackich warunkach administracji terenowej. Hipotezy te zostały zweryfikowane w drodze analizy ram prawno-instytucjonalnych realizacji zadań delegowanych z wykorzystaniem danych empirycznych zebranych w postaci ankiet i dziewięciu wywiadów oraz danych wtórnych. Wyniki pokazują, że decentralizacja administracji publicznej wzmocniła rolę chorwackich okręgów, w szczególności ich rolę administracyjna, a także rolę naczelników okręgów. Ponadto zwiększyła koordynację poziomą, a osłabiła koordynację pionową. Poprawiła też niektóre aspekty świadczenia usług publicznych, ale nie ujednoliciła ich świadczenia na całym terytorium państwa, a także poprawiła transparentność, ale nie doprowadziła do demokratyzacji samorządu w okręgach. Przeanalizowano pięć ogólnokrajowych czynników jako możliwych przyczyn takich wyników badań: ogólne trendy społeczne, presję zewnętrzną, cechy charakterystyczne chorwackiej administracji publicznej, ogólne cechy chorwackiego ustroju samorządu terytorialnego oraz przyjęte rozwiązania organizacyjne.

**Slowa kluczowe:** decentralizacja administracji publicznej; skutki decentralizacji; delegowany zakres kompetencji; Chorwacja

Table A1. Analysis of answers given by the heads of CAOs, governors, and deputy governors

Hypothesis indicator	Degree to which administrative decentralization had effect*	Heads of county administration offices (total, $N = 97$ )		Standard deviation (total, $N = 97$ )	Heads of county administration offices with more than three years of working experience at the position $(N = 55)$	Heads of county administration offices with more than three years of working experience at the position ( $N = 55$ )	Heads of county administration offices with less than three years of experience at the position $(N = 35)$	f	T-test (heads with more and less than three years of experience)	County governors and their deputies (11)	gover- d their s (11)
		aver- m	mode		average	mode value	average	mode value	two-tailored	aver-	mode value
H3 th	Citizens' greater interest in the work of the county's administrative bodies and the county's governor	1.95	1	1.035340439	2.01	1	1.94	1	0.73892185	2.09	2
H3 w (p	Higher level of citizen participation in the work of the county's administrative bodies (petitions, submitting proposals, etc.)	1.72	-	0.9231429913	1.72	1	1.79	-	0.7549802865	2	2
H3 G	Growth in the importance of the country's representative body	2.02	1 1	1.010360662	1.96	1	2.20	1	0.2803796443	2.27	3
H2 G	Growth in the role and importance of county governor	2.68	3 1	1.109225885	2.79	3	2.61	3	0.4706313302	3	3
H3 m bi	Increase of transparency of the county's administrative bodies (publication and availability of information)	2.49	3 1	1.176062479	2.45	1	2.72	3	0.2688242436	2.81	4
H4 cc	Supervision of the central state over the counties' tasks is of higher quality and uniformity	2.27	1	1.158458888	2.33	-	2.39	1	0.8125461628	2.72	4
H4 Sı	Supervision of the central state over the counties' tasks is of higher intensity	2.25	1 1	1.129567994	2.25	1	2.44	1	0.4716273236	2.54	3
H4 H	Higher level of collaboration between the counties and the local units on their territory	2.39	3 1	1.104326048	2.54	3	2.29	3	0.2702419072	2.72	4
H4 ac	Coordination within county government administration improved (county administration bodies, public institutions, public companies, agencies)	2.55	3 1	1.127351317	2.67	3	2.51	3	0.5034681967	2.81	3
H4 pc	Improved formulation of development policies	2.38	1 1	1.1134773	2.42	3	2.41	1	0.9637696463	2.54	2
H4 cc	More intensive collaboration among the counties	2.34	3 1	1.032308109	2.37	3	2.45	3	0.7117214485	2.90	3

## Institutional and Performance Effects of Administrative Decentralization in Croatian...

h County gover- nors and their deputies (11)	aver- mode	+	3.09 4	2.81 4	2.45 3	2.36 3	2.18 3	2.45 3	2.18 1	2.45 2	2.45 3	1 01 0	2.18
T-test (heads with more and less than three years of experience)	two-tailored	0.6913700228	0.034879	0.02307773569	0.03883704197	0.052548	0.085975	0.721333	0.900829	0.773207	0.635881	0.594556	
Heads of county administration offices with less than three years of experience at the	position $(N = 35)$ verage mode value	1	1	1	1	3	1	1	1	3	1	1	
Heads of county administration offices with less than three years c experience at the	position	2.21	2.18	2.12	2.15	2.33	2.09	2.23	2.17	2.32	2.14	1.54	
Heads of county administration offices with more than three years of working experience at the	(N = 55) mode value	1	4	4	4	4	3	3	3	3	1	1	
Heads of county administration offices with more than three years of working experience at the	position $(N = 55)$ average mode value	2.31	2.76	2.71	2.67	2.89	2.50	2.47	2.20	2.38	2.25	1.63	
Standard	(total, 14 – 91)	1.104624983	1.242133794	1.214854705	1.18171356	1.152284339	1.119791313	1.109225885	1.113343293	1.076263288	1.059574145	0.7670422827	
Heads of county administration offices (total, N =	97) - mode value	1		-	-	3	-	3	-	3	-	1	
Hea coun minis off (tota	aver-	2.22	2.48	2.41	2.40	2.54	2.26	2.31	2.17	2.32	2.15	1.56	
Degree to which administrative decentralization had effect*		Decrease in expenditure for providing decentralized public services	Speeding up the provision of decentralized public services	Improving quality in provision of decentralized services	Better quality of services through better education of civil servants	Increasing/starting to implement new work techniques and instruments (i.e. use of new technologies, citizens satisfaction surveys, a strategic approach to service delivery)	Greater citizens' satisfaction with service delivery	Increased accessibility of services over the entire state territory	Ensuring the equal quality of services over the entire state territory	Services are more adjusted towards specific groups of users	Increased the rate of investments in the county	Decreased the rate of emigration	
Hypothesis indicator		H5	H5	H5	H5	Н5	H5	H5	H5		H5		

\* 1 - I think it did not have any effect; 2 - I think it had a small effect; 3 - I think it had a medium effect; 4 - I think it had a big effect.

Table A2. Analysis of civil servants' answers

Hypothesis	To what autont do you caree with the following statements?	County ci	vil servants
indicator	To what extent do you agree with the following statements?	average	mode value
Н3	Citizens are sufficiently involved in the work of my county administration body (submitting proposals, petitions, etc.)	2.49	3
Н3	The role and significance of county representative body increased in the last three years	2.42	1
H2	The role and significance of county governor increased in the last three years	2.68	4
Н3	Transparency of my county administration body's work increased (publication of data and information)	2.74	4
H4	Communication with central state administration bodies allows effi- cient performance of tasks	2.70	3
H4	Communication with central state administration bodies is frequent	2.40	2
H4	Central state supervision over delegated tasks is intensive	2.39	2
H4	Cooperation with other county administration bodies is satisfactory	3.07	4
	In the last three years, the opportunities for the training of county civil servants have increased	2.28	1
	In the last three years, material and immaterial rights at my workplace have improved	2.99	4
	In the last three years, I have been thinking more often about leaving the service	1.86	1
	There is a lack of civil servants in my county administration body	2.58	4
	Civil servants overtaken from CSAOs have the same rights as county civil servants	2.93	4
	County civil servants recognize the difference between delegated and self-governing tasks	2.55	2
	Civil servants overtaken from CSAOs are integrated in county administration bodies	2.74	4

Source: authors' contribution.