INSTITUTIONAL DEPENDENCY MODEL FOR LITHUANIAN LOCAL GOVERNMENT IN THE CONTEXT OF HARMONIOUS MANAGEMENT

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Abstract
Self-government as representing the interests of the local population, social and political life organizing structure, occupies an important place in the political system of most of the countries. It is perceived as the lowest level of territorial division but as the closest one to civil society. Local self-government, in order to adapt to the changes, should focus on the investigation of the specific community issues, opportunities and needs of the development of the area. Currently, more and more relevant for district development stakeholders are becoming local authorities. The relevance of the topic is signified by the fact that the ever-changing environment provides people with new opportunities, but also causes a lot of problems. European district development policy provides new features for countryside areas, such as economic, social, environmental and territorial ones. The changes radically change the concept of local development and activities: from a centralized model of transition to exogenous and endogenous decentralized model, the latter based on local initiatives and resources, and innovations. The research objective is to single out theoretical possibilities for the application of the institutional dependency model in order to ensure the harmonious governance of Lithuanian local authorities. An assumption is made that this is a new opportunity for improving the governance process of territorial self-government. The research is based on the scientific literature, document analysis and synthesis, systematization, case studies, comparative analysis and visualization methods.

Key words: Local government, Institutional dependency model, harmonious management.

Introduction
Currently Lithuanian local authorities are becoming increasingly significant participants in public governance. Self-governance - as a structure which represents interests of local residents and organizes public and political life - plays an important role in the political system of most states. It is perceived as the lowest level of territorial division but as the closest one to civil society. Autonomy allows citizens to express their interests, to control their fulfilment and to influence other state authorities. A constantly changing environment provides new opportunities to people and at the same time creates a number of problems. These changes transform the concept of area development and the execution of activities: one can notice transition from the centralized exogenous model to the decentralized and endogenous or even neo-endogenous model. The latter model is based on incentives, resources and innovations created by individuals. The development of Lithuania is inseparable from the long-term strategic trends and priorities of the European Union development. In this context the aspect of coherency gains importance when various areas of activities require the implementation of the functions of not only economic but also social, environmental protection and territorial development.

This article emphasizes the harmonious governance of the public sector, which manifests itself through the adjustment of separate functions of local authorities as well as their independence.

The research object is the harmonious governance of local authorities.

The research objective is to single out theoretical possibilities for the application of the institutional dependency model in order to ensure the harmonious governance of Lithuanian local authorities.

To achieve the objective, the following tasks were formulated:
1. To identify types of activities of local authorities and to assess their inter-compatibility through the use of the institutional dependency model.
2. To indicate improvable areas of governance assigned to local authorities in order to ensure harmonious governance.

Materials and Methods
The article is of a cognitive and application nature. It proceeds in three steps. Firstly, we analyzed the concept of local self-government. Secondly, we presented the model of institutional dependency and it was integrated into the harmony management context. And finally, we suggested the opportunities to single out the following improvable areas of governance assigned to local authorities. The paper is based on the scientific literature and document (laws) analysis and synthesis, systematization, case studies, comparative analysis and visualization methods.

Results and Discussion
After the restoration of independence, the Republic of Lithuania was determined to become a democratic state governed by the rule of law. One of the renowned Lithuanian scholars P. Leonas (1991) claimed that ‘until recent years a genuine democratic form of organisation of state government was deemed the most appropriate for the creation of the most convenient forms of cultural life intended for the general public’. It is impossible to implement democracy if citizens
fail to directly participate in the governance of the society and to reach decisions on political, economic, safeguard, cultural and other issues which are relevant to the community of local self-government. Therefore, the presence of developed local self-government is one of the essential elements of a democratic state. In a general sense self-government is perceived as 'the ability of the system of government to maintain and improve parameters without any other significant external impacts through the use of its own strengths and possibilities' (Kūris, 1990). From the viewpoint of sociology and management, 'self-government manifests itself through the involvement of all members of a social organization in examining, reaching and implementing common decisions' (Mueller, 2004).

Modern science views self-government as 'the independent functioning of an organization whose members ensure its operation through the adoption of decisions and norms related to the existence of the organization and the resolution of common problems' (Morphet, 2008). However, this was not always a widespread perception of self-government. European lawyers viewed self-government as a relatively independent form of government the prevalence of which was possible when citizens made their interests a primary consideration directly or through their elected representative authorities' (Urmonas, 2011). This definition allows the following two interpretations of self-government: (1) in a broad sense, any state can be regarded as a self-governing organization if its government is elected and relies on the will of the nation; 2) in a narrow sense, one can refer to communities which form and function inside the state. In this sense the concept of self-government is synonymous with the notion of local self-government, when local residents but not representatives of central government are concerned with economic or other issues of a certain administrative and territorial unit. The present Local Self-Government Act of the Republic of Lithuania (2008) defines local self-government as 'the self-regulation and self-action of the community of permanent residents (which is entitled to self-government under the Constitution) of the administrative unit of the state territory (which is established by law) in accordance with the competence prescribed by the Constitution and law'.

In general it can be stated that local self-government is a structure which represents interests of local residents and organizes public and political life, and plays a significant role in political systems of different states. It can be viewed as the lowest level of territorial division but as the closest one to civil society enabling citizens to express their interests, control their fulfilment and influence the functioning of the state.

According to A. Urmonas (2011), 'self-government, as an ideal social form of government which develops beyond time and space limits and does not depend on human factors, can be considered a utopia'. Hence it is necessary to analyse entities of local self-government. Entities of local self-government constitute a uniform multi-stage system which consists of the following elements indicated by A. Astrauskas (2004):

- 'the representative authority of a municipality, i.e. the council with the following two formations: the municipal supervisory authority and council committees and commissions;
- the executive authorities of a municipality (usually a single authority, but the presence of several authorities is also possible);
- the administration of a municipality'.

Each entity or a group of entities of local self-government plays a certain role in a specific part of the state territory and can be referred to as the entity of municipal authority, municipal political authority, municipal public authority or public administration, which acts on the basis of the principles of public administration specified in the Local Self-Government Act of the Republic of Lithuania (2008). In accordance with Article 3 of the Local Self-Government Act of the Republic of Lithuania (2008), a municipality is 'the administrative unit of the state territory having the status of a legal entity and the right to self-government (under the Constitution the Republic of Lithuania) which is implemented through the municipal council'. A municipality is the main authority which is responsible for the management of local affairs. The freedom of local municipal authorities is restricted due to their functions. Municipal authorities are not empowered to establish their powers, i.e. these bodies cannot establish their competence independently. State authorities determine the competence of municipal authorities. Pursuant to the competence and obligations to the community granted by the Constitution and law, municipalities can make decisions merely in relation to the execution of independent functions. Thus, taking interests of residents into consideration, municipalities perform functions which are transferred to them by the state. When implementing the latter functions, municipalities have restricted freedom, which is prescribed by law, to adopt resolutions and decisions of state authorities and/or state officials. In some cases state functions can be assigned to municipalities on the basis of concluded agreements. As a rule, the execution of these functions is temporary and season-dependent. Based on the nature of activities, municipal functions are divided into the following groups: functions of local government, functions of public administration and functions of public service provision.
An eldership is another important authority from the perspective of local self-government. The Local Self-Government Act of the Republic of Lithuania (2008) defines an eldership as ‘the subdivision of municipal administration operating in a certain part of the municipal territory. The municipal council establishes their number, names, territorial boundaries and functions which are transferred by municipal administration’. From this perspective, an eldership can be viewed as the structural territorial subdivision of municipal administration (its subsidiary, speaking the language of business) which acts as an intermediary between the residents of the eldership and the municipality. According to J. Mačiulytė, M. Dedeire and R. Prapiestienė (2013), due to its territorial government Lithuania stands out from Central European and Baltic countries. The implementation of the administrative and territorial reform validated self-government not at the lowest level but at the intermediary sub-regional level. Soviet-era neighbourhoods were abolished and legitimately replaced with elderships which became municipal structural administrative subdivisions (Daugirdas and Mačiulytė, 2006). The absence of local authorities distanced the local government from citizens and prevents social and economic development in towns and rural areas.

I. Vidrevičienė (2010) points out that the main tasks of elderships involve: ‘the strengthening of communal relationships, the encouragement of resident participation in the process of local self-government and the achievement of their social and economic welfare’. Therefore, it can be stated that the objective of elderships is to develop local self-government as the basis for the development of the democratic state within the limits of assigned territories and to implement transferred public administration functions.

Elders of sub-elderships, whose activities are validated by the Local Self-Government Act, should serve as a link between the local community, municipality and superior organizations of self-government. The Local Self-Government Act of the Republic of Lithuania (2008) provides that an elder of a sub-eldership is ‘a representative who is elected by the community of the residential area which belongs to the territory with the office of the eldership’. Residents can elect elders of sub-elderships from the available representatives of the above-mentioned community to perform public work for a two year period. Candidates for this position can also be proposed by residents, nongovernmental organisations and associations as well as institutions and organisations operating within the limits of the sub-eldership. The following rights and duties reflect the main activities of elders of sub-elderships: ‘(1) to represent interests of sub-eldership residents in the eldership office, municipal authorities and state institutions operating in the municipal territory; (2) to encourage sub-eldership residents to handle matters concerning the territory of the residential area (to maintain roads, streets, squares, cemeteries and other infrastructure facilities); (3) to develop and organise the cultural and sport life of the village (town and city); (4) to receive information materials and projects of legal acts and to notify sub-eldership residents of decisions adopted by different organizations’ (Vidrevičienė, 2010).

Having completed the analysis of local self-government, it can be claimed that local self-government serves as an important link between people and elements of public administration. Thus, in a broad sense local self-government can be regarded as a territory where the implementation of national policy rests on the execution of specific work. In addition, local authorities perform a number of assigned functions the implementation of which allows self-government entities to control the major areas of public life. Therefore, it can be concluded that the main objective of local authorities is to promote and develop local self-government as the basis for the development of the democratic state, i.e. to develop democracy within the country and to encourage residents to take initiative when dealing with relevant issues of communal life without anticipating directions from superior authorities. Hence, it can be asserted that the goal of local authorities is to contribute to national policy formation by engaging residents in the decision making-process and ensuring their social and economic welfare.

Based on the analysis of the elder’s functions, it can be stated that an elder is in charge of not merely administrative governance of rural areas. According to M. Duobaitė (2010), ‘an elder executes more significant and broader functions regarding the management of changes in rural areas, for instance, he/she promotes resident initiatives, motivates resident participation in the change management process and the like’. Being a community leader is one of the fundamental roles of an elder. Research carried out by the American Management Association stands as a proof of it. The study reveals that ‘successful change management is determined by leadership, corporate values and communication. Leader’s convictions have influence on his/her attitudes towards problem-solving techniques’ (Korsakiënė, 2006). Some authors believe that there is a connection between leadership and some type of instructions, i.e. personal power is used to win people over to work together towards a common goal. However, it is also emphasized that ‘latter-day leaders face two major difficulties: they must ensure that people adjust to changes and foresee future perspectives’ (Korsakiënė, 2006). Therefore,
it can be claimed that the role of leaders in the governance process has a substantial effect on the successful development of the area.

It can be concluded that the development of areas depend on the capability of local authorities (in this case the ability of the municipality or eldership) to effectively work and collaborate with other authorities in stimulating resident activities. Both communities and other non-governmental organisations play a significant role in areas, especially when they prepare and implement projects related to the practical application of harmonious governance provisions:

- to raise public awareness, to consult and to provide information which stimulates life changes;
- to promote civil initiatives and public participation when resolving social, economic and environmental problems of the local community;
- to initiate the cooperation between non-governmental organisations and educational institutions’ (Vietos savivalda..., 2010).

As it was mentioned before, the development of areas does not occur by itself; the process is always in control and under the influence of organizations, also known as local authorities, which are responsible for its functioning. According to the authors, in addition to direct government authorities, such as municipalities and elderships, the development of areas is also affected by the following bodies: public employment offices, business enterprises, local activity groups, rural community organizations, non-governmental organisations, police authority and other property protection services, cultural centres, libraries, educational/training/consulting institutions and other active residents or their groups. Thus, an assumption can be made that community organizations, which institutionally do not belong to authorities of public governance, are becoming increasingly important participants in the development of areas.

Governance is concerned with the relationship and relative importance of the formal and informal institutions shaping activities. The concept of institutions refers to the rules, norms and strategies that shape individual and organizational behavior (North, 1990; Ostrom, 1999). Institutions are persistent, predictable arrangements, laws, processes or serving to structure political, social and economic transactions and relationships in society. They may be formal, including legislation and parliamentary procedures, or informal, such as cultural rules for decision making (Handmer and Dovers, 2007; Pelling and Holloway, 2006). The goals of formal and informal institutions may be either compatible or conflicting (Pahl-Wostl, 2009), and if the two types of rules systems complement each other than governance processes are likely to be more efficient and effective – measured, for example, by lower rates of corruption.

The above framework substantiates the model of institutional dependency (Figure 1) (Borzel and Risse, 2000), which treats actors from the utility point of view, in the sense that they act for maximizing their preferences. Not excluding the possibility of a preference change, the model presupposes that the national actors have an essential interest in the organizational survival, autonomy and development, and their preferences are predominantly shaped by the institutions.

The interdisciplinary synthesis that model of institutional dependency presupposes ensures the specific difference from the institutionalism of the rational choice, emphasizing that institutions include not only norms, but also social norms, regulating the actors’ conduct and ensuring the social
Management includes three types of processes i.e. decision making, execution and control (Kożuch and Książek, 2013).

The most common form of public administration decentralisation is the local self-government that is seen as a relation of a local community, named in the structure of the state, established and governed by law, appointed to realise independently tasks of public administration, equipped in material resources allowing realisation of the tasks (Ochendowski, 2002). The core issue of the local self-government is to manage the public affairs by the concerned community itself (Tarno, 2004).

The independence of the self-government should be considered in a few aspects. The law aspect sees it as awarding self-government the legal entity, that is understood as independence and ability to manage its own matters. The political aspect is a result of allocation the right to choose the direction of actions. The economic aspect is related to realisation of tasks and performing the activity, with taking into account the real conditions under which those organisations function, that particularly include: rise of public sector importance, necessity to accept the changes in the technique, influence of the market economy and globalisation, the need to regulate the expenses on the public services and so on (Filipiak-Dylewska, 2002).

One of the most important tasks of the territory self-government is to guarantee appropriate conditions for local development. It constitutes a harmonised and a systematic activity (the changing complexity) of the community, public authorities and other operators functioning within a given unit of the territory self-government, aiming at creation of the new and improvement of the existing usability conditions of the territory unit, creation of favourable conditions for the economy and provision of the spatial and ecological order (Parysek, 1996).

As it was mentioned before, the development of areas is affected by the combination of endogenous and exogenous environmental factors, which creates conditions for the existence of a new neo-endogenous model of rural development. Neo-endogenous thinking is based on institutional development theories. The institutional dependency model reflects theories which rest on the idea that the ability of local authorities (actors) to mobilize internal resources, to cope with external power structures which impact the area and to create proper strategic insights forms the basis for the development of the area. This should be combined together with measures which allow one to achieve strategic goals by ensuring that the actors of the rural area participate in internal and external development processes and by creating acceptable meanings and rules of social behaviour. V. Atkočiūnienė and R. Vaišnoraitė (2012) point out that institutionalists tend
to direct a great deal of their focus on the explanation of economic and political motives of individuals’ behaviour.

Based on the elements of the institutional dependency model it becomes possible to single out the following improvable areas of governance assigned to local authorities:

1) the strategic planning of local authorities;
2) the personnel of local authorities and the combination of capabilities of actors who belong to other significant organisations and show their own initiative;
3) the social capital of the area;
4) the ability of local actors to recognize the competitive advantages of the area and to use them in strategic planning.

Planning is the primary function of governance. It lays the foundations for other three functions of management which include organisation, governance and supervision. Only in the presence of a long-term plan it is possible to select executors, create structures, delegate functions, distribute assignments, motivate and manage executors, ensure communication between executors, assess their performance and the like. Therefore, it can be claimed that strategic planning is executed by municipalities.

Conclusions

1. Local self-government is one of the main elements of the state, which acts within a given territory. In a local government, the system cannot guarantee contemporary democratic state. The democratic society means a more developed local self-government.

2. The main aim of local authorities - to contribute to public policy development and implementation, to solve problems of local residents, to stimulate people’s initiative in decision-making process. By type of activity of local self-government for local government, public administration and public service functions. In other words, local authorities play an intermediate role between citizens and government.

3. Local self-government has the right to define all functions and actions, which can freely and independently manage the municipality. The right to act freely and independently means for municipal authorities the right to take decisions according to the Constitution and the law. Local self-government institutions that have statutory competence and may dispose of financial resources can operate freely in many citizens’ daily lives.

4. In seeking to improve the governance of local authorities and to ensure its harmony, it was established that if local authorities applied spatial strategic planning, it would create greater possibilities for the improvement of life conditions of the area residents through the proper use of available resources. If created and introduced, the effective integrated harmonious system of government would enable one to improve the governance of these authorities, to optimize the system of strategic planning, to enhance the transparency of supervision and governance, to use the possibilities of information technology at the maximum, to adopt contemporary management techniques and the European experience of public governance.

5. Based on the elements of the institutional dependency model, it becomes possible to single out the following improvable areas of governance assigned to local authorities: the strategic planning of local authorities, the personnel of local authorities and the combination of capabilities of actors who belong to other significant organisations and show their own initiative, the social capital of the area, and the ability of local actors to recognize the competitive advantage of the area and to use them in strategic planning.

References


