

# DECENTRALIZATION – A KEY TO IMPROVING THE DELIVERY OF LOCAL PUBLIC SERVICES. A CRITICAL REVIEW OF THE SPECIALIZED LITERATURE

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Received 31 March 2025; Accepted 18 June 2025

## **Abstract:**

*This paper presents the concept of decentralization, its benefits, and its potential to improve the delivery of local public services. Through the study of specialized literature, we aim to identify whether the benefits that decentralization brings to local public services are real, and what the disadvantages, or rather the limitations, of implementing decentralization in practice may be.*

*The purpose of this article, through the use of bibliographic research methods, is to analyze the extent to which decentralization contributes to the improvement of public service delivery at the local level.*

*Decentralization, increasingly analyzed in academic settings, is a process by which central authorities transfer administrative and financial powers to local levels of government, with the goal of bringing decision-making closer to citizens and improving the quality of public services, an aspect emphasized by numerous studies and adopted reforms.*

*Decentralization is frequently perceived as a means of improving the functioning of public administration, being associated with the hope that services will be delivered more efficiently and more tailored to the needs of local communities. The conclusion is that although decentralization offers numerous advantages for enhancing the efficiency of local public services, the associated risks must be considered, such as regional inequalities, the limited financial capacity of local administrations, and institutional coordination challenges.*

**Key words:** decentralization, delivery of local services, local governance, local development.

**JEL classification:** H10, H83

## **1. INTRODUCTION**

Decentralization is a concept that has been drawing increasing interest lately in the scientific community. We begin this scientific endeavor by defining decentralization as the process through which central administrations transfer power and responsibilities to lower levels of government. Decentralization is a principle of organization and operation of a state's public administration, involving a transfer of administrative and financial competencies from the central administration to the local public administration. Through decentralization, public services are removed from the control of central authorities and are autonomously organized at the local level.

We consider that this study is important with regard to the real impact of decentralization on the delivery of local public services. Many developing countries, including Romania, have reformed public administration by introducing decentralization as a principle through which power is no longer concentrated in a single place but is transferred to the level of governance closest to the citizen.

We can say that the success or failure of a decentralization process can be measured by the extent to which it manages to improve the quality of public services offered to a local community.

## **2. METHODOLOGY**

The methodology employed in this study consists of a literature review focused on relevant research published between 1990 and 2024. To identify pertinent sources, databases such as Scopus, Web of Science, SpringerLink, Elsevier, Taylor & Francis, and Google Scholar were consulted, using keywords such as “decentralization,” “local public services,” “governance,”

“public service delivery,” and “fiscal decentralization.” The selection of studies was based on clear criteria, including thematic relevance, theoretical or empirical contribution, recency, and methodological rigor.

Thus, we synthesize existing research on decentralization, presenting information from various sources in order to highlight the advantages of decentralizing local public services, as well as the limitations that arise from the practical implementation of decentralization.

In practice, we will review the pros and cons outlined in various empirical studies regarding the delivery of local public services under a decentralized system.

### **3. THEORETICAL ARGUMENTS REGARDING THE LINK BETWEEN DECENTRALIZATION AND HIGH-PERFORMING LOCAL SERVICES**

As we also mentioned in the introductory section, the benefits of decentralization and its potential to improve local public services are emphasized in numerous studies. Decentralization has the potential to offer local communities autonomy and greater decision-making power regarding how local public services are delivered.

In this section, we explain how decentralization contributes to improving performance in the delivery of public services.

As highlighted by Dick-Sagoe in a critical analysis regarding the role of decentralization in improving public service delivery in developing countries, as early as the 1950s, classical theorists such as Tiebout and Musgrave emphasized that the main benefit of decentralization is bringing the decision-making process closer to the local population and local decision-makers. (Dick-Sagoe, 2020)

One of the most important benefits is that decentralization allows decisions to be made at the local level, which can lead to public services that are better tailored to the specific needs of communities.

Decentralization contributes to the provision of public services that are better adapted and more responsive to local community needs. At the same time, it makes governance more accessible and more accountable by increasing transparency and enabling more prompt responses to citizens, as underlined in a specialized study. (Elliott, 2023)

As shown in studies on city-regions in England and examples such as Wrocław, decentralization contributes to public services that are more closely adapted and responsive to local needs, and citizen participation in planning and implementation increases the chances that these services will reflect the realities and priorities of the communities. (Schneider & Cottineau, 2019)

Thus, decentralization stimulates citizen involvement in the governance process. When citizens feel that they can influence decisions made at the local level, they are more inclined to actively participate in community life and contribute to its development.

This aspect is also highlighted in another study. Local authorities and residents are generally more connected to the specific needs and challenges of their communities and, therefore, are better positioned to adapt public services to real needs. (Ferri et al., 2020)

Findings from another well-founded study show that decentralization tends to improve the efficiency and relevance of public services by granting local governments the authority to manage the specific needs of communities. (Ibrahim, 2024). Decentralization offers greater local control over public services.

According to Christodoulou, in the provision of public services, decentralization involves eliminating intermediaries in the decision-making process and transferring authority to local or autonomous entities, without direct intervention from a central authority. This model contributes to increased responsiveness and reduced decision-making time, as local actors are better positioned to respond quickly and appropriately to the needs and specific conditions of the communities they serve. (Christodoulou et al., 2020)

The research conducted by Bednarska-Olejniczak argues that for Smart City and Sustainable Urban Development to reach their full potential, citizens need to be involved in strategic phases, including urban planning, evaluation, and monitoring. (Bednarska-Olejniczak et al., 2019)

The ideas above are also supported by Rangkuti, who shows that this process of decentralization fosters a framework in which public services can respond more promptly to the changing needs of the community, thus contributing to increased efficiency and a higher level of citizen satisfaction. (Rangkuti et al., 2022)

Fostering innovation is another benefit highlighted by Elliott in 2023. Decentralization creates a favorable context in which local authorities have the freedom to test new solutions and strategies. This autonomy enhances the capacity for innovation, as local governments are more inclined to explore various approaches to public issues, which can lead to more efficient services and better satisfaction of citizens' needs. (Elliott, 2023)

Therefore, the results of this article clearly show that decentralization improves the efficiency of local public services by empowering local authorities to autonomously manage the specific needs of communities. This method of governance also offers multiple advantages in terms of service innovation.

When properly implemented, decentralization has the potential to significantly improve the quality of public services in local communities. More specifically, operating in a decentralized system allows local administrations to better understand the specific needs of the communities they serve. Because local authorities are closer to the citizens and the realities on the ground, they can make decisions more quickly and in a way that is better adapted to the economic situation of that area. As a result, public services can be managed more efficiently, investments can be directed where they are most needed, and resources can be used more rationally.

However, there are also studies confirming that the negative aspects of decentralization cannot be ignored. In particular, decentralization can generate inequalities in service provision between regions, due to differences in resources, as well as difficulties in policy coordination. A lack of capacity at the local level and an increased risk of corruption are significant obstacles to maximizing the benefits of decentralization. (Ibrahim, 2024)

In a study conducted by Laba in 2023, the effects of fiscal decentralization are identified and its impact on the financial security of territorial communities is evaluated. According to Laba, in certain cases, the limited capacity of local authorities, caused by a lack of financial resources and the necessary technical expertise, can compromise the efficiency of public service management, which may result in both reduced quality of services and the inability to provide them consistently. (Laba, 2023)

The paper "Decentralization, Duplication, and Delay" (Bolton & Farrell, 1990) analyzes the contradictory aspects of decentralization, highlighting both its potential to facilitate the identification of cost-effective solutions and the risks associated with the process. The authors argue that although decentralization can stimulate innovation and economic efficiency at the local level, it is often accompanied by coordination difficulties, which can lead to implementation delays, overlapping activities, or even both phenomena simultaneously.

Another study emphasizes the complexity of the decentralization process and underscores the importance of carefully building the institutional framework to reduce the risk of corruption in public service delivery. (Zarychta et al., 2024). Clear control mechanisms must be established to limit corruption risks in the decentralized operation of public services.

Kabir and Islam show that in decentralized systems, the quality of public services can vary considerably from one region to another, thereby generating significant discrepancies in citizens' access to essential services. The absence of clear and uniform standards negatively affects the overall efficiency of the system, especially in the context where the technical competencies and financial resources needed for the efficient administration of public services are not equitably distributed or are insufficient in certain areas. (Kabir & Islam, 2023)

To analyze decentralization in a coherent and meaningful way, we propose a conceptual model built around three essential dimensions: administrative, financial, and political. These

components do not operate in isolation but influence one another, directly shaping how public services are delivered at the local level.

The administrative dimension involves transferring responsibility for managing public services to local authorities, even if they do not always have full financial autonomy. The goal is to better tailor services to local needs.

The financial dimension gives local governments control over their own budgets, the ability to collect local revenues, and access to additional funding sources. This financial autonomy is crucial for the stable and effective provision of services, while also reducing reliance on central government funding.

The political dimension refers to the democratic election of local leaders who are granted decision-making authority in managing public affairs. This enhances accountability to citizens and strengthens democratic participation at the local level.

By applying this framework, we can better understand why certain forms of decentralization are more effective than others. For instance, decentralization limited to the administrative aspect—without adequate financial support—can result in operational inefficiencies and continued central control. In contrast, an integrated approach that combines all three dimensions is consistently associated with more effective local governance and public services that are better aligned with the specific needs of communities.

#### 4. RESULTS AND INTERPRETATIONS

Decentralization is not, in itself, either beneficial or harmful; it is merely a tool for achieving a specific objective. The specialized literature emphasizes that the decentralization of public services can significantly contribute to increasing administrative efficiency, better adaptation to local needs, and direct involvement of communities in the decision-making process.

To ensure that decentralization of public services delivers the desired results, several coherent measures are required. Any public service must meet certain fundamental requirements (standards), which include continuous adaptation to the needs of beneficiaries, consistent and high-quality long-term service provision, and ensuring equitable access for all citizens. These standards ensure the performance of a public service in line with citizens' expectations. (Khodary, 2022)

Periodic evaluation of public service performance becomes essential in the context of decentralization or administrative deconcentration processes, as it provides a clear picture of their efficiency and impact. Performance indicators serve as an analytical tool through which authorities can understand how services delivered at the local level function and what strategic adjustments are necessary to improve their quality.

By interpreting these indicators, the main directions of public policies can be outlined, the areas requiring urgent reform can be identified, and the costs and benefits of resource allocation can be efficiently assessed. The analysis is not limited to the efficiency of resource use, but also examines the extent to which decentralized services succeed in meeting the quality standards expected by citizens. Additionally, it offers relevant insights into beneficiary satisfaction levels, coherence between established objectives and achieved results, and the capacity of local authorities to support the services both financially and organizationally.

This integrated approach allows for a deep understanding of how decentralization and deconcentration processes transform public services, placing emphasis not only on administrative efficiency but also on equity, adaptability, and sustainability.

Furthermore, in order to improve the quality of public services, citizen opinion plays a key role. In decentralized systems, citizen feedback becomes a mechanism of social control. The population can actively participate in decision-making, and the administration is compelled to respond promptly to community needs. Botirovich emphasizes the importance of creating institutionalized channels through which citizens can express their opinions, such as local consultative councils, e-governance platforms, or civic audit mechanisms. (Botirovich, 2021)

However, research also warns about the potential risks and challenges of decentralizing public services, highlighting issues such as regional inequalities, the limited administrative and financial capacity of local authorities, and coordination difficulties between levels of government.

An important point to emphasize is that simply implementing decentralization does not automatically guarantee an improvement in public services. In other words, decentralization alone is not enough. Its effectiveness depends heavily on other essential factors.

The quality of decentralized public services largely depends on how well central and local authorities work together to create a clear and stable legal framework, on the level of training, competence, and integrity of public administration staff, especially at the local level, as well as on the availability of adequate and sustainable financial support.

For decentralization to lead to real improvements in public services, it is crucial that responsibilities are clearly defined between the different levels of government, resources are distributed fairly, and local authorities are supported in managing these services efficiently. Only through such a comprehensive approach can decentralization contribute to the delivery of better, more accessible, and more citizen-centered public services.

## 5. CONCLUSIONS

Through the theoretical analysis of the existing literature and information, this article investigates the importance of operating local services in a decentralized manner, highlighting both the advantages and disadvantages that arise from this mode of organization and functioning.

There are numerous studies showing that this principle of organization offers multiple advantages regarding the functioning of public services. Decentralization is often seen as a strategy for optimizing public services, with power concentrated in the hands of local authorities, who enjoy autonomy, self-manage public affairs, and provide local communities with the public services they need, at the quality level they desire and at a cost the community can afford.

It is certain that decentralization will offer many solutions for improving public services. Public services, when operating in a decentralized way, become more accessible and more efficient for local communities. Authorities implementing decentralization are situated closest to the citizens and are thus better positioned to identify specific community needs and to develop services adapted to local conditions.

However, decentralization is not a universal solution, it is not a panacea that, once applied, will automatically lead to improved quality of public services. The cited studies confirm that the negative aspects of decentralization, or rather its limitations, cannot be ignored. If only administrative powers are transferred from the central to the local level, without adequate resources, decentralization can actually amplify inequalities between different communities and increase the risk of corruption. Weak local governance in mobilizing new funds for the local budget is an obstacle to maximizing the benefits of decentralized public services. Administrative decentralization that is not accompanied by financial decentralization is doomed to failure.

In conclusion, decentralization does not have an intrinsically positive or negative value, its value depends on the context in which it is applied and the objectives pursued. It can be an effective tool for increasing autonomy, local accountability, or responsiveness to community needs, but without proper management, it can also lead to inefficiency, imbalances, or a lack of coherent vision across the entire administrative system.

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