



Formal or Informal? The Changing Role of Coordination in Local Government Decision Making in Hungary

Formálne alebo neformálne? Meniaca sa úloha koordinácie pri rozhodovaní o miestnej správe v Maďarsku

Emese BELENYESI¹, Agota DOBOS²

¹ University of Public Service Ludovika

² Corvinus University of Budapest

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Abstract:

Top-down formal decision-making approach traditionally prevails in the organizational culture of Hungarian public administration, but the informal approaches could undoubtedly increase the efficiency of decisions. While formal decision making is supposed to strictly follow the procedures and methods prescribed by law, the informal ones could considerably speed up the process. This dichotomy poses the question: "To what extent can the often-preferred informal ways of coordination deviate from their formal counterparts?" It is the intent of our exploratory research to seek responses to this question by invoking grounded theory. The study is based on the findings of the nation-wide research project in which Emese Belenyési was one of the lead researchers. Findings shows that if informal methods are used in local decision making, they are ultimately channelled into the standard formal procedures, thus facilitating formal decision making rather than separating them from it, however they considerably increase its efficiency.

Keywords: *formal and informal decision-making process; coordination*

Abstrakt:

V organizačnej kultúre maďarskej verejnej správy tradične prevláda formálny rozhodovací prístup zhora nadol, ale neformálne prístupy by mohli nepochybne zvýšiť efektivnosť rozhodovania. Zatiaľ čo formálne rozhodovanie sa má prísne riadiť zákonnými postupmi a metódami, neformálne procesy môžu proces podstatne urýchliť. Táto dichotómia kladie otázku: „Do akej miery sa môžu často preferované neformálne spôsoby koordinácie odchýliť od svojich formálnych náprotivkov?“



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Zámerom nášho prieskumného výskumu je hľadať odpovede na túto otázku pomocou uzemnenej teórie. Štúdia je založená na zisteniach celonárodného výskumného projektu, v ktorom bola Emese Belenyesi jednou z vedúcich výskumných pracovníkov. Zistenia ukazujú, že ak sa pri miestnom rozhodovaní používajú neformálne metódy, nakoniec sa dostanú do štandardných formálnych postupov, čo uľahčuje formálne rozhodovanie namiesto toho, aby ho od neho oddeľovalo, čo však výrazne zvyšuje jeho efektívnosť.

Kľúčové slová: *formálny a neformálny rozhodovací proces; koordinácia*

Introduction

Decisions are choices between alternative actions. [13] We make hundreds of decisions every day, both at work and in our private lives. We make decisions that have an impact on our personal life and immediate environment, but from a wider perspective they can influence the destiny of hundreds, thousands, and – in case of politicians and influential business players – even millions of people. At the same time, decisions are made in multi-dimensional and multi-player contexts, in which the interaction with the environment has impacts on the choices that are subject to a wide range of economic, political, social, etc. factors. Moreover, it is also the question of decision how we react to an external decision personally affecting us.

Most of our decisions are repetitive; we develop routines and get experience that makes it easier to cope with the complexity of reality. [2]

According to March, our choices depend on four conditions: *alternatives* of possible actions; the *expectations* regarding the future consequences of the alternatives, and the possibility of their occurrence; the *preferences* of the decision-maker, and the *rule of decision making*, i.e. how the values of consequences of alternatives determine the choice. [16]

Proposed by Herbert Simon in his book “Models of Bounded Rationality and Other Topics in Economics” (1982) *perfect rationality* in decisions is hardly possible. [19] In the past decades the theory of *bounded rationality* has become generally accepted, has been incorporated into classical theories on rational choice, and has been prevailing in most theories on individual decision making. Research findings prove that when decisions are made not all alternatives are known, not all consequences can be taken into account, and not all preferences are clear. Therefore, decision makers working under constraints concentrate on a few of the possible alternatives and examine them one by one rather than juxtaposing them. They have only partial and inconsistent preferences and tend to be satisfied with the “fairly good” action instead of the “best possible” one. [16]

Gavin and Roberto underline the importance of working on alternatives in an open process of *inquiry*, while an *advocacy* perspective is a contest and advocating particular positions rather than exchanging ideas and coming to thoughtful solutions. They state that the success of any decision is determined by “the larger social and organizational contexts”. Referring to research findings they argue leaders who make good decisions recognize and handle them as processes not merely events to be controlled by them alone. [10]

According to Brunsson, the complexity of factors influencing organizational decisions is on the increase. He argues that decision makers tend to actively use them

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to support or reduce some of the consequences, so there is a shift from choices to purposes and partial causes, which raises complexity. [5]

There is a difference between decisions that can be revoked or corrected and those that are final with irreversible consequences. Decisions can be made after thoughtful consideration and reflection, or under high stress and pressure, resulting from the situation or time constraint. Realizing and correcting mistakes in any phase of the decision-making process will constructively serve the development of the decision maker and has a favorable effect on the quality of future decisions.

In modern organizations the preparation of decision making is often separated from the decision itself due to the need for a wider variety of professional knowledge and skills. This multi-phase process is preceded by a preparatory phase, including information gathering, elaborating criteria and alternatives. Depending on the specific features of the organizations, the practical implementation depends on various factors. In the following section of the study we are focusing on the characteristic features of public administration organizations and those of their decision-making processes.

1. Decision making models in public administration – the research

The efficiency and effectiveness of public administration organizations highly depend on the quality of their decision-making system. Besides the selection of the best models or procedures, their adaptation to the needs of the public sector is essential: e.g. public interest orientation, management of public money, complex performance expectations, regulatory character, procedural guarantees, networked operation, equity, prohibition of discrimination, predictability and continuity of operation, transparency, and accountability.

In Hungarian public administration formal decision-making prevails as a rule, although informal methods are also applied. While formal decision making is determined by legal constraints, the informal ones can speed up the process by connecting various problem situations. We can raise the question: *How do informal methods influence the formal decision-making procedure?* We hypothesize that *in public administration organizations formal decision making is supported by several informal methods, but they ultimately merge with the formal ones as they are not allowed to considerably differ from.*

The exploratory research of this study is system-oriented, interdisciplinary, and examines the connection between the formal and informal decision-making processes of local municipalities at the intersection of two scientific fields – public administration science and management science (decision theory). From this perspective the objective of the research is to seek answer to the above question using a qualitative research design, the method of grounded theory. [6] We intend to focus on the exploration of good practices that can help the local municipalities to find the informal decision-making methods that can support the formal ones. The study is based on a case study, in which data were provided by the participants involved in decision making, and the analysis of these findings is put into the framework of decision theory models. In the following part of the study, we are exploring the decision theory models and their effects on formal and informal local government decision making.

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1.1. *Decision theory models in local governing*

For the purpose of the study we rely on a framework composed of those models from the extremely abundant professional literature related to decision theories that are closely connected to local government operation and seem relevant to the previously detailed formal and informal decision-making processes.

At the level of organizational decision making we can make a distinction between two operational mechanisms representing basically different logic. According to the *top-down* approach, decisions are made at the top level of the organizational hierarchy, and they are transferred to the implementation level by means of orders or instructions. This method is typical of the Anglo-Saxon management philosophy.

In case of the *bottom-up* approach, decisions are made at the first levels; the initiatives come from the bottom levels and top decisions are made pursuant to the lower level initiatives. It is typical of the management practices of the Japanese firms. These two approaches well demonstrate the differences between western and eastern way of thinking in the perception of the role of decisions and the decision-action relation. [24]

In local government organizations, the *top-down* approach seems to prevail, while in many cases a mixed approach is applied. In these cases, decision making is based on bottom-up decisions adopted by the top management as the ultimate decision-maker, even in case of strategic tasks. Here the responsibility falls on the top management, but they can give feedback, which makes the bottom-up initiatives and decisions more grounded.

In a simplified model, local government decision making consists of five stages: (1) *initiation of the cases*, (2) *preparation of decisions*, (3) *decision making* (4) *implementation* (5) *control*. The identification of the decision situation is an important phase of good and appropriate decision making: the initiation of a case is based on the relevant legal regulations (e.g. the procedure can be launched upon request or *ex officio*). Depending on the nature of the case, the preparation of decisions is made by one person, several institutions or organizations, depending on the nature of the case. Will enforcement is one of the most difficult factors in the decision-making process, as it is not enough to find out the alternative solutions to the problem, but we also have to make the parties concerned accept the best one, which is enforced in compliance with the legal regulation in force. The control phase is important not only in the course of the implementation following the decision-making phase, but it pervades the whole process. It has the function of supervision to ensure that the principles of lawfulness, effectiveness, and efficiency in local governing are observed side by side.

Formal decision making is applied mainly in command organizations (military, police), where the strict legal constraints mark the framework of decision making, while listening to the opinions of the subordinates is reduced to the minimum. Obviously, we cannot state that formal decision making is unfavorable, because it fails to consider the opinions and interests of the group members, as there are fields where the responsibility constraints do not allow to apply collective decisions and to use up the information gained from informal sources. [23]

Informal connections considerably intensify the information flow within the organization, providing security to the employees, and increase loyalty to the

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organization. Owing to the fast information flow, they are able to react flexibly to new challenges and tasks. The application of the informal channels is most relevant to the democratic leadership practice of the “Team” type leader. At the same time, democratic decision-making processes take place in the regulatory framework of the formal organizations. Therefore, the decision maker is practically placed in between the formal and informal systems of connections and makes decisions by trying to maintain a favorable balance.

Bakacsi (2004) identifies some advantages of group decision like more shared knowledge and information, better understanding and acceptance of the decisions. However, the group considers just a limited number of alternatives and fails to estimate the possible negative consequences of the decisions. Sometimes groups tend to be less careful in their choices than individuals are. In other cases, they are less conservative, which indicates a shift to more extreme solutions. [3]

Garvin and Roberto distinguish between two types of group decision-making approaches. While the concept of the *advocacy approach* is built on a contest, in which participants defend their own positions, and strive to persuade others, and result in winners and losers, the *inquiry approach* generates constructive debates, critical thinking, and collaborative problem solving and a collective ownership of the decision, which is the biggest asset in terms of the dedication to the execution of decisions. [10]

In terms of risk-taking Dawson draws the attention to the fact that the anonymous decisions made by the members of the organization carry more risks and reduce the sense of responsibility. [8]

Stephen Slade draws our attention to another possible approach to decisions, when the decision maker wants to achieve certain goals beyond maximizing the possible pay-off or minimizing the risks of a decision. He assumes that in this goal-based model of decision making, goals have the priorities over other considerations, and they determine the preferences of the decision makers. If so, decision making can be regarded as the resolution of goal-conflicts. [21]

In the course of decision making the decision makers have several methods and means at their disposal. One of these can be the method and tools of coordination, which is the specific element of leadership functions intertwining all the other functions (e.g. Fayol regarded coordination as a separate leadership function) – setting the objective, making the strategy, organizing, personal leadership and control – and includes a wide variety of activities. [1] Table 1 demonstrates a structured summary of the related concepts. [4]

Table 1 – Concepts related to coordination [4]

Concept	Interpretation
<i>Coordination</i>	bringing in line, harmonizing, “bringing into the adequate relation”
<i>Vertical coordination</i>	intentional (bureaucratic) coordination between different levels: <ul style="list-style-type: none">– <i>top-down</i>: so called „hard” methods: order, guidance, supervision, control– <i>bottom-up</i>: so called „soft” methods: exchange of

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	information, coordination, cooperation, lobbying
<i>Horizontal coordination</i>	coordination between equal levels: <ul style="list-style-type: none"> – <i>market-oriented</i>: coordination of activities of various players based on the self-directing mechanism of the market – <i>network-oriented</i>: less formalized, based on the relative equality and mutuality of the players
<i>Methods and techniques of coordination</i>	types: <ul style="list-style-type: none"> – <i>technocratic</i>: rules and regulations, procedures, plans, programs, schedules, budget allocations, financial plans – <i>structural</i>: ad hoc and standing committees, partnerships, projects, teams, service management – <i>person-oriented</i>: network of connections, selection of leaders, conflict management, organizational and sectorial culture

While in formal decision making of local governments top–down vertical coordination and structural and technocratic methods play the main roles, in informal decision-making bottom–up and a network type of horizontal coordination are applied accompanied with person-orientated methods and tools.

In conclusion, we can state that informal decision making, and the coordination techniques can be applied with high efficiency in organizations and in types of activities where formal regulations do not block communication developed by means of informal connections. In the following part, we are describing the processes prescribed by the regulatory background in local government decision making.

1.2. The legal process of decision making in Hungarian local governments

The Act LXV of 1990 on Local Authorities, a basic regulation of the self-government system laid down the legal framework of local governing with a fragmented settlement structure and a wide scope of functions and powers, which e.g. resulted in the establishment of more than 3200 local governments nationwide. Although the Fundamental Law adopted in 2011 and the Local Government Act CLXXXIX of 2011 (thereafter LGA), brought about several changes (e.g. setting up joint local government offices), the right to the involvement in local public affairs and exercising local public power remained intact, even if along with a stronger state control in many cases. Settlements are entitled to elect their own mayors and representative bodies.

The system of local government operation comprises complex tasks with implementation processes and activities. Different types of activities are connected to organs and organizational positions by the force of law. Three operational fields that jointly determine the performance of local authorities are basic operation, service provision and related conditions, as well as management operation. [9]

Local governments – in line with the legal regulations – regulate and manage local public affairs in their jurisdictions bearing full responsibility for the implementation of related decisions. Each local government is liable for the performance of the assigned compulsory tasks, independent of its size and capacity, and responsible for ensuring services prescribed by law. Local authorities can freely

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manage the properties in their possession, their budget wealth, and can be involved in business activities.

Local government operation, including decision making, takes place within a regulated framework. Operational rules should be defined in a normative way; however, besides legal regulations, other factors like tradition, political culture, and the personal role perception of the individuals involved in decision making also have an influential force. [12]

Beyond exercising formal authority, decision making covers several phases like the manifestation of the intent, the determination of a relevant series of actions, or the adoption of a plan. Decision making starting with the realization of the difference between the existing and the expected situation, can take place in different ways. It is highly dependent on nature of the problem if a decision finally turns out to be a single, a multiple or a repetitive action. It is a multi-player and far-reaching process that is difficult to follow and control. Participants involve mayors and representatives from the political side; notaries, their deputies and administrators on behalf of the offices; external experts and others expressing opinions on the issue; and last but not least citizens, business and civil players.

The notary is responsible for the preparation of the decisions. The preparatory phase includes the preparation of the sessions, drafting proposals to be submitted to the committees, or on public administration issues for the mayor. The representative body and the committee members are invited to deliver opinions about the issues before they are submitted to the representative body for decision making. At least once a year the representative body and the notary announce a public hearing to involve citizens and local representatives to discuss issues of public interest and hear proposals of local interest.

Local governments apply both formal and informal decision making that are closely intertwined in practice. For example, the initiation of a proposal is preceded by informal discussions with the interested parties to gain their support and reach a compromise in order to reduce future resistance or revulsion against a decision. The formal process following the informal one is meant to bring the standpoints closer. The preparation of different documents, their adoption and signature happen in this phase. In the next part of the study we are reviewing the most important types of the formal and informal local government decision making.

1.3. Formal decision making

The formal decision-making mechanism of local governments is regulated by the LGA, but the representative body is entitled to set up its own organization and freely define its operational rules. Therefore, local governments adopt their Organizational and Operational Regulations (OOR), in which, beyond the general provisions, the representative body determines its own house rules, the committee structure, the order of discussion and submission of proposals, the rules of voting and decision making, the tasks and jurisdiction of public officials (deputy mayors, notary, deputy-notary, councilors). At the same time the OOR also regulates e.g. the cooperation with the nationality local governments.

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In the course of local government operation various decisions are made on daily basis. Local decisions in the classical sense are basically be made in three ways: in the competence of the mayor, the committee, or the local representative body. Local government decision making applies delegated decision-making authority: e.g. the mayor can delegate decision-making jurisdictions to the deputy mayor, and the body of representatives may do the same in relation to the commissions, or even to the mayor. However, delegated powers are not transferrable.

In serious professional, unique or rarely occurring cases, as well as in cases reaching a higher value limit, the decision-making power belongs to one of the *specialized standing committees*. According to the LGA, it is compulsory to set up a financial committee, but other committees may also function made up of local representatives and external members. Moreover, there are sub-committees, temporary, and ad hoc committees, as well as committees of inquiry, etc. It is important to mention that under certain conditions all these committees can participate in the preparation of decisions, or even in decision making.

Primary role in decision making is played by the *representative body*, the panel of elected members entitled and obliged to make decisions in all issues affecting the local government. Its decisions are normative and made pursuant to the submitted proposals. Decisions define the deadline of the expected implementation, and the responsible person. Valid decisions can be made in a session convened according to the rules (prescribed by the OOR) and declared a quorum (with more than half of the elected representatives present). According to the LGA, the minimum number of sessions a year is six, but most local governments have more sessions, including ad hoc sessions as well.

Decisions can be made by simple majority (the congruent decision of half of the representatives present plus one), or by qualified majority, (the congruent decision of half of the elected representatives plus one). As prescribed by the LGA, all sessions are public, except cases related to personal affairs, conflicts of interest, unworthiness, wealth declarations, etc. that have to be discussed in a closed session. Moreover, a closed session can be ordered in cases referring to decisions on local government property or establishing the conditions of public procurement tenders. However, decisions made in a closed session are public. The representative body makes all decisions by open votes, in some cases by open roll call vote. In the implementation of the decisions the contribution of the staff of the mayor's office is indispensable. In the sessions of the representative body minutes are taken, the detailed content elements of which are regulated by the LGA. Without going into further details, we can state that the seemingly complicated formal decision-making mechanism is legally well regulated and easy to follow, but the implementation of the decisions can be efficient and expedient only if supported by an appropriately detailed OOR, and other adequate informal methods.

1.4. Informal decision making

Informal decision making is a necessary part of local government operation. In an especially narrow interpretation, informal decision making – ending in a formal local government decision – is the privilege of a few. Community decision making depends not only on the elected representatives, but other local players, although the

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dominance of the local government leaders in initiating discourse and in directing decision making is beyond doubt. [25]

Finding solutions to problems and making decisions facilitating these solutions is starting with the identification of the symptoms and signals. [23] In this case citizens, the local government staff, civil servants, perhaps even other authorities give signals that should be dealt with. These signals are processed at the level and in the place required by their weight and specification generally defined by the notary. It depends on several factors which case in which phase is brought before the mayor's cabinet, but as soon as it is there, it can develop in two directions. In case of sufficient amount of available information, a decision is made about the further actions, and the case is channelled into the formal decision-making process described above. If the available information is insufficient, the function of the decision is to define how to get access to further information and knowledge.

While decision making in the representative body and the committees is generally due monthly, the sessions of the *mayor's cabinet* are usually held every week. Discussion topics are submitted a week before the session, so decision-makers have time to share important information with each other. Above all this, these meetings also have a secondary function: they can facilitate external communication (to put it simply, it is not useless if every member of the local government management communicates the same things about the same issue). The participants of the cabinet sessions i.e. local government staff, experts, lawyers, advisers, external organizations, civil players, citizens, etc., assess and weigh the gathered information, and compare them against the local government interests. If necessary, – still informally – they allocate the financial and other resources and try to make the „best possible” decision.

Informal decision making is present not only in the operation of the cabinet. All local government actors can make – and they definitely do –, informal decisions at the level and in the way applicable to their jurisdiction and authority in cases falling within their competence. Without these decisions, institutions responsible for public services and public supply would not be able to maintain their operability. In the following part, we are exploring the role of coordination in local government decision making by presenting research findings that contribute to the understanding of the existing practice and the challenges local practitioners face in their every-day work.

2. Background of empirical research

The coordination process constituted a part of the series of events taking place in the framework of a national project of priority importance entitled *Monitoring of Local Government Development Projects II.*, KÖFOP-2.3.4-VEKOP-15-2016-0000. It was aiming at the exploration of the coordination mechanisms applied in Hungarian counties, relying on identical research methods but focusing on a different field of operation in each case. 48 events of this kind were organized between September 2016 and October 2017 with the involvement of 7 county governments as well as the members of the National Association of County Governments (NACG). [11] Emese Belenyési, the co-author of the study was one of the lead researchers of the project.

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The research carried out in the participating counties benefited from the experiential learning techniques to initiate and encourage the exchange of experiences and opinions among county and community local government professionals. Workshop participants were focusing on the following four topic areas with a view of analyzing the experiences gained in the course of the coordination process and coming up with suggestions:

- methodology of coordination (awareness, roles, timing, decision making competencies),
- available resources
- accessible/provided information, public information/ citizen involvement in the course of coordination,
- the efficiency of the coordination mechanism as participants saw it.

The county level series of workshops consisted of consecutive phases. The opening event in the counties was meant to collect the background information necessary for the assessment of the situation, as well as drafting recommendations. It was followed by regional workshops that were built on the results of the previous ones and resulted in statements drawing conclusions and making proposals. Based on the findings of the regional workshops, the participants of the county workshop made recommendations for the county management concerning the development and operation of the county level coordination. Participants of the third county workshop followed up and evaluated the implementation and the operation of the recommendations. [22]

The application and the operation of recommendations were assessed in follow-up workshops by county leaders and experts.



Figure 1 - Consecutive steps of the series of workshops [11]

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The follow-up workshops provided ample opportunity for us to get information about the learning process we were involved for several months from the perspective of the local leaders. Therefore, these events also served as a feedback about the organizational competence development. In most cases, the feedback given by the county leaders and the local government staff confirmed the change of attitude to the new methodology: the initial reservation from the unknown grew into an interest in the exploration of the opportunities inherent in the methodology and the possible extension of the scope of its utilization. In this way, the research into the coordination mechanisms of local governments generated innovative approaches encouraging the utilization of the advantages of experiential learning, which gave impetus to organizational learning and competence development.

In the furtherance of the positive reactions the leaders of counties not participating in the project were invited to attend a dissemination conference, the objective of which was to share the project results, experiences, best practices and lessons learnt with the help of the participating local governments. The conference not only served as an excellent closing event of the learning processes, but it opened up new directions and perspectives for coordination within and between the counties.

2.1. The experiences of vertical coordination

The Local Government Coordination Office of the Interior Ministry offered some counties the opportunity of participation. The series of the county events (opening county event; regional workshops; closing county event, follow-up county discussion) had a valuable contribution to the research findings about the vertical coordination between local government levels. The accounts given by the representatives of the two local government levels were basically similar with slight differences in cases. In order to boost the activity and make participants more interested, the county governments selected a wide range of policy areas for the discussion: *urban development* in Győr-Moson-Sopron County; *employment policy and employment pacts* in Baranya County; *tourism development* in Hajdú-Bihar County; *health care development* in Szabolcs-Szatmár County; *environmental protection and environment policy* in Komárom-Esztergom County; *planning process of the Regional Development Operational Program* in Csongrád County and *the role of the local government in retaining the population of local communities* in Jász-Nagykun-Szolnok County. [11]

The coordination between the county governments and the community local governments, the needs for coordination, and the possible problems were analyzed relying on two kinds of data sources:

- the summary documents of the series of events organized by the Ministry of Interior *The cooperation of cities with county rights, counties and local communities*;
- the scripts of the interviews made with county and local government leaders.

In the personal interviews, the county and community leaders were asked about their opinions on the coordination role of the county government, its changes and the ways of the cooperation between the county and the community local governments.

The following section of the study gives a structured summary of the coordination dysfunctions that hamper successful coordination. The series of events in

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7 counties did not intend to draw a policy problem map or draft recommendations, the observations were meant to explore the process of vertical coordination between the county and the community local governments.

3. Findings of the research

When interpreting the findings, we have to remember that the statements and the identified specific features reflect the opinions of the local government leaders. The research was carried out by document analysis method based on seven documents created as a result of the world café events, which were analyzed by the MAXODA qualitative data analysis software. Personal interviews with local government leaders contributed to more detailed findings regarding the four most frequently mentioned problem areas.

1. The first problem is *over-centralized planning, development ideas coming from the top*, the difficulties with articulating local needs were often mentioned. Participants perceive that the real local community needs tend to be neglected as they are overridden by the implementation of the centralized plans, therefore they do not get to the government. They also referred to the problem that the decisions influencing development policy plans and project programs are made too “high”, i.e. centrally, so there is little or no opportunity to channel local needs and demands into these programs. Therefore, the development funds and programs may fail to respond to local needs. In line with the Local Government Act the county governments play active role in the territorial/urban development and coordination. More than one fifth of the interview respondents referred to the positive role of the county governments in the projects of the Territorial and Urban development Operational Program, in the first place in organizing “brainstorming” and coordinating the synergies of the plans. Community leaders also appreciated the more efficient information flow through the county governments thus the planning is brought closer to the communities.

2. The second problem area indicated by participants is in connection with *the information and communication* difficulties. Part of them occur when local governments communicate with the public, the social, and the market players. There are also anomalies and shortcomings in the communication between public administration levels. The engagement of both the social and the market players is considered unsatisfactory, cumbersome, or even expensive. According to participants, the development of alternative and modern communication channels (social media, applications) would be needed to improve the wider involvement of the social players.

Regarding *communication problems between public administration levels and organs* participants emphasized that the information coming from the central public administration is incidental, often unclear, inconsistent, and contradictory. The lack of a defined order of the communication process between the public administration levels, and that of a fixed mechanism of the information transfer were mentioned as the main reasons behind these problems.

The interview findings prove that the county governments have a positive role in the information flow and sharing the information with the local governments.

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Problems could be reduced partly with the extension of the role of the county government in sharing and transferring the information.

3. The third problem area is related to *resource management*. In the understanding of the analysis resource mean all human and materials means that are needed to carry out an activity or process. They are highly heterogeneous ranging from the financial resources (own share, access to state subsidy, credits and projects); technical resources (machines, buildings, equipment); human resources (labor force, expertise, knowledge); to market presence (entering the market, sales, promotion).

Participants mostly complained of the lack of specialized sector-specific knowledge and expertise e.g. in project management, which is the reason why local governments are exposed to external service providers. This vulnerable situation could be changed by hiring a competent person or build up a local government network for these services. It is seen as a problem resulting from the insufficient financial resources, which was also identified as a barrier to better coordination.

4. The fourth problem includes *institutional and procedural difficulties*. They cover those specific features of the procedural order, the control system and the public administration organizations that participants regard as barriers to public task performance. In the first place they mentioned the *hectic changes affecting the institutional and organizational system* that hinders the coordinated operation. Besides all these participants stressed that the legal background is not always in compliance with the development objectives. Local governments sometimes face legal and administrative barriers when they want to implement their local development plans. The compliance between the legal background and the development objectives could facilitate local government developments.

Participants of the county events often referred to the limited authority of the county as the root of the coordination shortcomings between public administration levels. Counties do not have the relevant authorities that could enable them to perform the role of horizontal regional coordination, or the strengthening of the vertical coordination between the central and the local levels. Local government players expressed their need for the creation of a coordination level below the county level for smaller regions.

The experiences of the interviews show that local leaders expect the county to strengthen coordination and expand its scope. Some say that partnership cooperation has improved since as the county governments do not supervise the bottom-up ideas but tend to collect them. This positive change of attitude is attributable to the authority vested in the local governments by the Local Government Act in relation to local, area planning, and coordination. Besides that, the county government was also seeking its role after the changes affecting local government tasks and authorities.

The access to the EU funds designated the new role of the county governments: support local project proposals, coordination of regional planning and implementation, sharing information between public administration levels. The role of the county should be reinforced in these fields, however the broader scope of tasks, or the delegation of authority, even with increased resources, do not seem to be adequate solutions to solve the problems. The key to the improvement of the coordination role of the county government is organization learning: the awareness of coordination methods and

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procedures that promote cooperation, and the ability to and apply them for the benefit of all affected players. [11]

Conclusion

Research findings highlight that local governments are not a homogeneous multitude, so their willingness to cooperate with counterpart organizations or another local government level can vary, and practical solutions show various patterns. As local government decisions are made in various forms in different fields, their cooperation should be supported by various means and incentives.

We can state that several methods, including coordination, can support informal decision-making, which ultimately lead back to formal decisions, but make them easier, facilitate and speed them up. The integration of the informal procedures into the formal ones, as well as into the regulatory framework of the organization would bring positive long-term outcomes and would increase the efficiency and effectiveness of the decision-making process.

The summary of the research findings issued in a methodology publication, and supplemented by a workbook, includes best practices in order to support the cooperation, coordination, the formal, and informal decision-making processes of local governments. Moreover, the project has created an information base that can generate new research initiatives and deeper analyses and can lead to responses to open questions. It can also help local or even central decision makers to develop more grounded policy strategies based on real-life facts and practical experiences.

To sum it up, we can draw the conclusion that formal decision making cannot be complete without benefiting from the advantages of the informal one. In order to ensure the most optimal decision making, the reliance on coordination, expert advice, opinions and assistance should be strengthened especially in the preparatory phase of the process. Nevertheless, it should be supported by the more efficient application of information technology in local governments because it could facilitate the involvement of a wider circle of stakeholders and ensure their access to up-to-date information. At the same time, citizens, local business players and organizations should also be provided ample opportunity for active engagement. Every local government decision has a direct impact on the community; therefore, the involvement of community members in decision making is a key to gaining their dedication to the implementation of the decisions affecting them.

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Autors:

¹**Emese Belenyési PhD** – University of Public Service Ludovika, 1083 Budapest, Üllői út 84., Hungary, e-mail: belenyesi.emese@uni-nke.hu

²**Agota Dobos, PhD** – Corvinus University of Budapest, 1093 Budapest, Fővám tér 8., Hungary, e-mail: agota.dobos@uni-corvinus.hu