

## **Where the Western Style Decentralization Reform meets the East (and West): Institutionalization of Local Government Bureaucracy and Performance of Local Government in the Philippines \***

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### **Introduction**

From a comparative public administration perspective, the Philippine has unique position as it is located in the East (Asia), but the culture and language are heavily influenced by the West with Spanish and U.S. colony history. Together with its native culture and history, government system and politics have evolved with both Eastern and Western overtones.

Local government in the Philippines has been traditionally described as “patron-client” relationship (Anderson 1988; McCoy 1994). Mayors and local politicians are regard as patron, providing resources to the constituents and asking continuous support as a return. Together with relatively weak administrative control from central agencies over local governments, local governance in the Philippines has been characterized as highly politicized boss machine (Sidel 1999). Most of high personnel positions in the local government may have been thus politically appointed as “pork barrels”. In many cases, this patronage system is closely connected with the political dynasty of the business elites (often the landlords at the same time) in each locality (Albert et al. 2015). Contrary to strong individual politicians and families, government as an institution had been rather weak.

Nevertheless, role and performance of local bureaucracy, which defines organizational capacity, is important to constitute the state of local governance. Since individual local politician including mayors and council members cannot fulfill broader sense of the community needs with their limited economic and social resources, improving overall development status inevitably needs the local government capacity as an organization.

In Asia, the decentralization reform swept both developed and developing countries as part of “global public management reform” in the late 20<sup>th</sup> century (Manor 1999). Following the reform trends, decentralization reform took place in the 1980s in the Philippine, and the Local Government Code 1991 was enacted as the hallmark of decentralization reform (Brillantes and Sonco II 2010). With the passage of the code, bulk of government responsibility has been

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delegated to the local government units. The question remains as to their capacity to fulfill these responsibilities.

Against the background stated above, the paper tries to investigate the performance of local government and its bureaucratic (government) factors in the Philippines. Elite questionnaire survey was conducted to the city/municipal planning and development coordinator (hereafter PDC), top ranked government officials in 300 randomly selected local governments. The paper tries to investigate the relationships of PDC and the government performance with the quantitative analysis. As has been described, local governance in the Philippines has unique features mixed with the West and the East, the findings may have rich implications for those who have strong interests in the comparative public administration, especially in the outcomes of “global public management reform” in Asia.

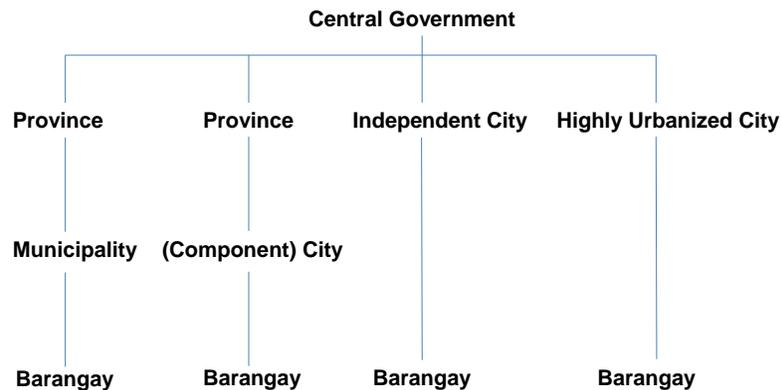
## **1. Local Government Management and Performance in the Philippine Context**

### ***Local Government in the Philippine***

Land of the Philippine is composed of 14 regions, Cordillera Administrative Region, Autonomous Region in Muslim Mindanao (ARMM), and National Capital Region (NCR) around Manila city area. Of these 17 regional boundaries, 14 regions and Cordillera Administrative Region do not have legal entity as local government; it is governed by the regional offices of national agencies. In contrast, Autonomous Region in Muslim Mindanao and National Capital Region are given special status as special local government and thus enjoying local autonomy. Besides these two special regional level local governments, other ordinary local governments are composed of three levels; Province as upper tier, city and municipality as second tier, and the barangay as third and lower tier. Province is led by elective governor along with the elective provincial council members. Elective mayor leads a city or municipality while the city/municipal council constitutes the legislative branches of a city and municipality, respectively. A barangay is headed by the barangay captain and the barangay council.

In the Philippines, the city can be further divided into three sub category; Highly Urbanized City, Independent Component City, and Component City. Both Highly Urbanized City and Independent Component City has certain population and financial capacity, thus it is not under the provincial oversight. Component City is ordinary city, and the community has less than 150,000 populations and generates less than 20 million peso as revenue, it becomes the Municipality. Both city and municipality are the most important local government entities in terms of providing basic public services to the citizens. Barangay is the lowest and closest tier of local government as a neighborhood level. It is generally composed of 50 to 100 households.

**Figure 1: Central Local Structure in the Philippine**



Enactment of Local Government Code 1991 (Republic Act No. 7160) in Philippine provided for a stronger role of local government than before, for more democratization of the government, and the promotion of efficient and effective implementation of local public services (Legaspi 2010). Passage of the act aimed to transform the LGU (Local Government Unit) into more self-reliant communities and active partners in nation building by giving them more powers, authorities and resources. It also aimed to achieve economic development at the regional and local levels. In addition to these purposes, the act expected the LGUs to have more effective decision making thorough participatory governance, by requiring all LGUs to establish the local special body composed of various stakeholders including NGO (Non-Governmental Organization) sectors (Ishi, Hossain and Rees 2007). Each LGU is required to have the Local Development Council, Local Prequalification, Bids and Awards Committee, Local School Board, Local Health Board, and Local Peace and Order Council respectively. In the Philippines, President Ferdinand Marcos’s dictatorship which lasted for more than 20 years collapsed with the People Powers Revolution in 1986. Together with decentralization, participatory governance was installed in order to intensify and establish the democracy at local level.

In line with the philosophy, the devolved powers and authority has provided local government. With passage of the code and other legal framework, local governments are expected to mobilize resources with significant discretion towards more effective and efficient service delivery to the community (Lowry, White and Coutney 2005; Rood 1998). Together with devolution of powers, more than 70,000 streeel level staff including social worker, agriculture officers for extension services, and others transferred its affiliation and status to the LGUs. With this transfer, an appointive power of officials was established in the governors/mayors in the LGUs.

***Local Government Management and Performance and PDC***

For many years, local governance in the Philippines has been characterized as highly

politicized boss machine. Personnel positions in the local government had been thus politically appointed as “pork barrels”. In many cases, this patronage system is closely connected with the political dynasty of the business elites (often the landlords at the same time) in each locality. Contrary to strong individual politicians and families, government as an institution had been rather weak. Nevertheless, role and performance of local bureaucracy, which defines organizational capacity, is important to constitute the state of local governance. Since individual local politician including mayors and council members cannot fulfill broader sense of the community needs with their limited economic and social resources, improving overall development status inevitably needs the local government capacity as an organization.

The organizational capacity can be developed by developing technical capacity and particular skills for the personnel. Organizational capacity is especially important after the passage of Local Government Code 1991. Bulk of management responsibility and authority has been delegated to the local governments. The question remains as to their capacity to fulfill these responsibilities. One of the most cited reasons for not implementing policies through subordinate units of government at provincial and local levels is that they lack the capacity to carry out the required tasks.

Apart from political aspect, organizational capacities of the local government which is capacitated in the bureaucratic organization may make differences of overall good local governance and its performance. In order to investigate the government (bureaucratic capacity) factors, this paper focuses on the PDC at each LGU. The PDC is newly established position with the passage of Local Government Code 1991, which devolved the development planning and budgetary formation authority. It is the appointive position by the mayor. The PDC functions as the secretary general of the Local Development Council, which is one of the local special bodies composed of various stakeholders including NGOs.

Functions and roles of Local Development Council are to formulate long term, midterm, and annual socio-economic development plans and policies, formulate the midterm and annual public investment programs, appraise and prioritize socio-economic development programs and projects, formulate local investment incentives to promote the inflow and direction of private investment capital, and to coordinate, monitor, and evaluate the implementation of development programs and projects. It is the comprehensive decision making body for the planning and development. As it defines the future shape of the community, Local Development Council is the most important local special body in the LGUs.

The PDC functions as the secretary general of this important council, as aforementioned. He or she is expected and required to prioritize and reconcile the various interests of stakeholders, and to coordinate the limited resources for the prioritized targets (Capuno 2010). Powers and duties of the PDC in the municipalities are prescribed in the Local Government Code of the Philippines 1991. Article VI speculates the qualifications, powers and duties of the officer as below;

(a) No person shall be appointed planning and development coordinator unless he is a citizen of the Philippines, a resident of the local government unit concerned, of good moral character, a holder of a college degree preferably in urban planning, development studies, economics, public administration, or any related course from a recognized college or university, and a first grade civil service eligible or its equivalent. He must have acquired experience in development planning or in any related field for at least five (5) years in the case of the provincial or city planning and development coordinator, and three (3) years in the case of the municipal planning and development coordinator.

The appointment of a planning and development coordinator shall be mandatory for provincial, city and municipal governments.

(b) The planning and development coordinator shall take charge of the planning and development office and shall:

- (1) Formulate integrated economic, social, physical, and other development plans and policies for consideration of the local government development council;
- (2) Conduct continuing studies, researches, and training programs necessary to evolve plans and programs for implementation;
- (3) Integrate and coordinate all sectoral plans and studies undertaken by the different functional groups or agencies;
- (4) Monitor and evaluate the implementation of the different development programs, projects, and activities in the local government unit concerned in accordance with the approved development plan;
- (5) Prepare comprehensive plans and other development planning documents for the consideration of the local development council;
- (6) Analyze the income and expenditure patterns, and formulate and recommend fiscal plans and policies for consideration of the finance committee of the local government unit concerned as provided under Title Five, Book II of this Code;
- (7) Promote people participation in development planning within the local government unit concerned;
- (8) Exercise supervision and control over the secretariat of the local development council; and

(c) Exercise such other powers and perform such other functions and duties as may be prescribed by law or ordinance.

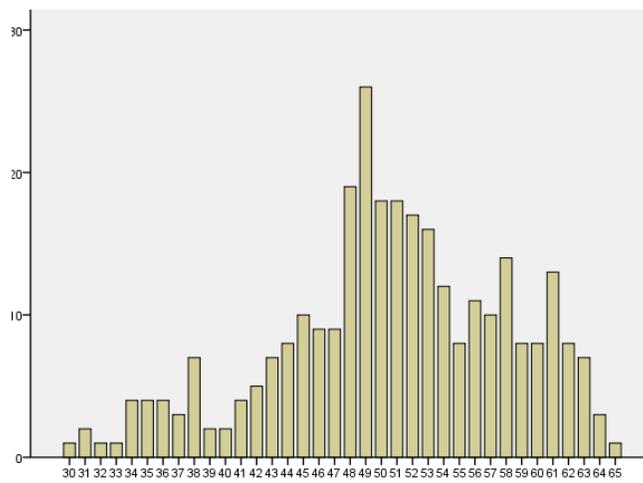
According to the act, qualifications to become the PDC shall have the college degree or equivalent, and the fields of study are specified as follows: urban planning, development studies, economics, and public administration. The PDC functions as overall coordination of the development plans and projects, and its positions can be regarded as the top ranked (appointive) officials in the municipalities.

### **Survey and Profile of PDC**

In order to investigate the government (bureaucratic capacity) factors, elite survey was conducted to the PDC, which represents the administrative capacities of the local government. The primary objective of the survey was to have the general profile of the PDC, which had been rarely surveyed than the mayors in previous research. It also investigated the relationships of PDC and the performance of local governments. Questionnaire survey to the mayors and PDCs was conducted and commissioned by the Social Weather Stations (SWS) from October 2011 to April 2012. Mode of survey was the interview survey for mayors and PDCs by the SWS interviewers. Population was 1515 cities and municipalities except for the LGUs in the ARMM. The ARMM was excluded because of political instability and thus less feasibility to conduct the survey in that area. With the systematic random sampling, sample size was 300 local governments in 16 regions in 71 provinces. It consists of 93 cities and 203 municipalities; 170 governments in Luzon, 67 in Visayas, and 63 in Mindanao. Respondents were 300 and 100% response rates for both mayors and PDC. Details of the survey can be accessed in other publications (Kobayashi, Nishimura, Kikuchi and Matammu 2013; Nishimura, Kobayashi and Kikuchi 2015).

The survey first asked the basic profiles of the PDC, including gender, age, educational background, working experiences, and others. As the Local Government Code 1991 requires certain years of previous experiences (3 years) to become the PDC, the average age of the surveyed PDC is 50.62. The youngest PDC is 30 years old, and the oldest PDC is 65 years old, and the mode age is 49, as summarized in Figure 2 below. In regards of gender of the PDC, majority (66.3%) is male, and the female represents 33.7%. Average age of female PDC is slightly younger (49.71) than that of male PDC (51.09).

**Figure 2: Frequency Distribution of MDPO's Age**



The local government code requires the PDC to hold at least the college degree or equivalent, and exemplifies the preferable area of study, as urban planning, development studies,

economics, public administration, or any related course from a recognized college or university. The survey asked their educational background and major as well. All responds have at least college degree. 75.7% of them hold bachelor’s degree and 21.3% of them have master’s degree. And 1% of them hold Doctor’s degree. PDC in city has significantly higher degree than the PDC in Municipality.

**Table 1: PDC’s Academic Degree in City and Municipality (%)**

	Bachelor’s Degree(N=227)	Master’s Degree (N=70)	Doctor’s Degree (N=3)
Municipality(N=207)	82	18	0
City(N=93)	23	35	3

$\chi^2=18.877, p<0.01$

PDCs’ academic area of the degree has much diversity than the Local Government Code exemplified the preferred area; Civil Engineering (39.7%), Chemistry (8.3%), Public Administration (7.7%), Business Administration (5.3%), Accounting (5%), and others. There was no significant difference of expert area between genders. The survey asked the year PDC obtained the highest degree. Majority was in the 1980s, and followed by 1970s, 1990s, and 2000s.

The survey also asked their previous job before PDC. The answers had great diversity and it cannot simply sort out between experience in private business and government sector, but roughly about half of the respondents had the experiences in the government sectors. The year of employment as PDC has a patterns that most of the PDC took their position on the year of unified municipal elections (1987, 1992, 1995, 1998, 2001, 2004, 2007, 2010), or following year, as the PDC is appointive position by the mayor.

The duties and functions of PDC are the coordination of various interests. He or she integrates various interests of stakeholders to make effective and coherent planning and implementations. It functions as the nexus of political and administrative interface, coordination of internal organizational politics, and voices from the citizens. Considering its coordinative positions, it is important to know the PDC’s own policy orientation (Moon and Norris 2005; Zhang and Feiock 2009). In order to identify PDC’s policy orientation, the survey asked the priority area which the PDC believes that increase the budget allocations. 36.7% respondent chose the budget for social services, while 24% chose the budget for economic services, 23.7% chose the budget for infrastructure, and 11.7% chose the budget for environment.

These five budgetary category can be divide into two different policy area. The first one is the social development oriented group (social, environmental, and others including health and education), and economic development oriented group (economic, infrastructure and others). Summarized in table 2, PDC’s priority policy area is broadly divided into two group.

**Table 2: PDC’s Priority Policy Area (%)**

Policy Orientation	Budget Category		
Social Development Policy	Social	36.7	48.4
	Environment	11.7	
Economic Development Policy	Economic	24.0	47.7
	Infrastructure	23.7	
-	Others (Institutional and Others)	0.6	0.6*

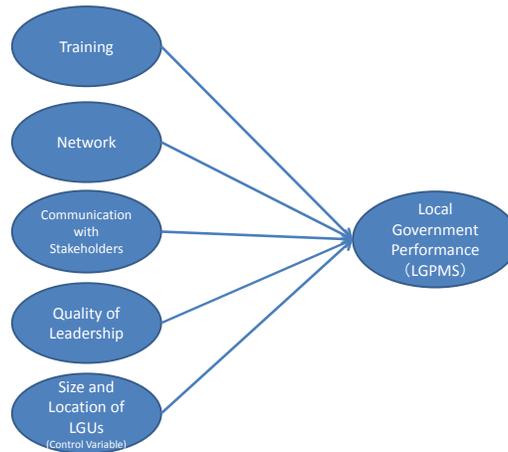
\*Others are distributed to two main categories based on respondents’ descriptions.

## **2. Local Government Performance and Bureaucratic Factors: Analytical Framework**

Local governments are responsible for the management and delivery of key public services in countries worldwide. From garbage collection and street cleaning, to the school providing primary education and care for the elderly and the disabled, it is essential institutions to solve the social problems and to enhance the quality of life in each jurisdiction (Walker and Andrews 2015). In addition to the forefront of delivering public services, it is the face of “government” to ordinary citizens. Role and capacity of street-level bureaucrats, who deliver the local public services, play a vital role in shaping what it means to be citizens through the interactions (Hou, Moynihan and Ingraham 2003). The management and performance of local government has thus enduring importance to policy-makers, citizens, and researchers.

Administration systems in local government can contribute to an overall dimension of management capacity. The capacity can be as government's ability to develop, direct, and control its resources to implement its policy and program responsibilities. A government's ability to marshal its resources is housed within its core administrative functions; it involves generic staff activities such as financial management, human resources management, capital management, and information technology management. Interact with political and environmental factors in highly complex ways, these activities make influence to the government performance. Against this theoretical foundation, figure 3 shows the basic analytical framework and bureaucratic factors that stipulate the local government performance.

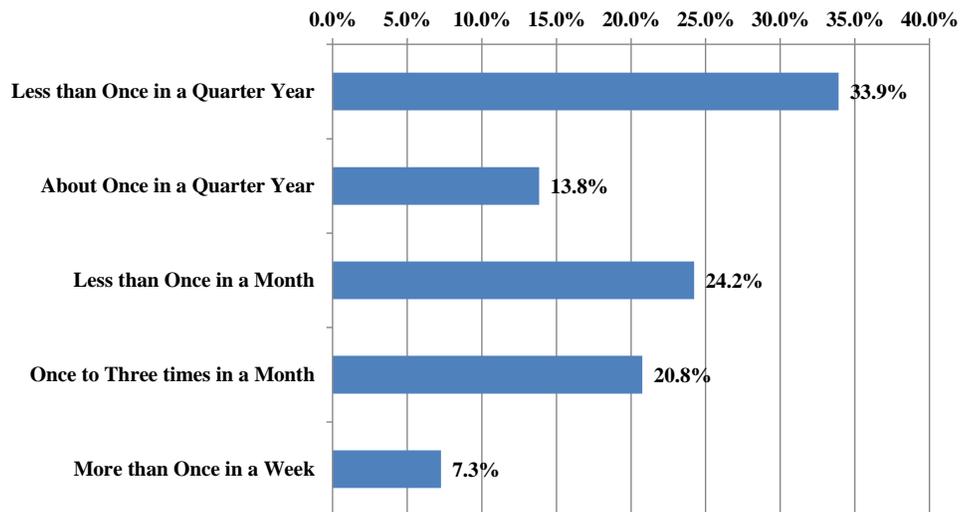
**Figure 3: Government Factors for the Local Government Performance**



**Training**

Capacity usually refers to technical capacity. If implementing a policy or plan requires a particular set of skill, the organization will need to have personnel with that skill or to train to develop it. Providing training is the narrowest, but most obvious meaning of capacity building in the organization. Especially when the new responsibly, services and functions are devolved to the local government, it is essential to foster and have specific knowledge and technical capacities to ensure the delivery of services. So the frequency of the training opportunities to the staff in the LGUs would be one of the indicators of government performance, as the LGUs giving more training opportunities may have at least clearer vision for the performance betterment. In the later analysis, data on training opportunities is used not from the PDC, but from the survey from the mayors. Training frequency distribution is summarized in Table 3.

**Table 3: Frequency of Training of Staff (from Mayor Survey)**



### **Network**

Cooperation and collaboration with other levels of government, or with adjacent local government in a horizontal way, both reflecting the degree and strength of network among local governments. Even after national government has devolved significant authority to the local level with the passage of Local Government Code 1991, in many cases, national government agencies maintain significant institutional presence in many ways. Especially after the decentralization reform, which made tiers of government more decoupling, sustaining coordinative network both vertical and horizontal ways are the key concepts to have cohesive and effective policy delivery beyond institutional fragmentation (Agranoff and Mcguire 2003; Green 2005). Extent of network with other governments is identified of the frequency of the meeting of PDC with other government officials at various levels. The survey to PDC asked the frequency of contact with other levels of government agencies in the last year, as the proxy indicator of the intensity of the government network by the government officials.

The survey asked the frequency of meeting in the last year with five-scale from not at all, once or twice a year, several times a year, once a month, to more than once in a month, to the following officials: Secretary of the (Central) Departments, Undersecretary of the Departments, Directors of the Departments, Regional Officers of the Departments, Other Officers of Province, Planning Officers of Province, and Officers of other Municipalities. Results are summarized in Table 4 as below. It is observed PDCs meet municipal and provincial level more often than national level, which is natural consequence.

**Table 4: Frequency of Contact with other Government Officials (%)**

	MORE THAN ONCE/MONTH	ONCE A MONTH	SEVERAL TIMES/YEAR	ONCE OR TWICE A YEAR	NOT AT ALL
Officers of other cities/municipalities	19.3	39.0	27.0	12.7	2.0
Planning Officers of Province	14.3	41.7	24.3	12.3	2.3
Other Officers of Province	10.3	22.3	37.0	23.3	2.7
Regional Officers of the Departments	8.7	14.0	37.0	36.0	4.3
Directors of the Departments	6.7	13.3	27.0	46.0	16.7
Undersecretaries of the Departments	1.7	2.3	9.0	34.0	52.7
Secretaries of the Departments	1.3	1.7	10.7	31.0	55.0

### **Communications with Stakeholders**

Effective communications with stakeholders in the community is also the key for the better performance. In addition to the traditional stakeholders in the community such as barangay captain and council members, there is a growing importance of NGO/PO and business people in the policy making process. As they are both interest groups and key players in the community as agents of the policy implementations with resources, communications with both new and traditional stakeholders enable local government to make more efficient policy with more inputs and to mobilize more resources to implement it (Ishi, Hossain and Rees 2007; Legaspi 2010) . Based on this assumption, Local Government Code 1991 required all LGUs to establish the local special bodies with the participation of various stakeholders including NGOs and business sectors.

As the effective communications with key stakeholders in the community is necessary for effective service delivery and integration of various interests, the survey asked the frequency of meeting with NGO/PO and business people, and barangay captain and council members respectively. Results are summarized in Table 5 and 6.

**Table 5: Frequency of Meeting with NGO/PO, and Business People (%)**

	Once a Week or More	2 to 3 Times a Month	Once a Month	None
NGO/PO	24.1	29.6	37.4	8.8
Business People	19.6	20.0	53.7	6.7

**Table 6: Frequency of Meeting with Barangay Captain and Council Member (%)**

	Everyday	Several Times a Week	Once a Week	Two to Three times a Month	Once a Month	Less than Once a Month
Barangay Captain	17.1	25.8	11.7	17.4	21.4	6.7
Council Member	16.6	22.3	24.3	16.9	12.5	7.4

Aforementioned provision of the Local Government Code 1991 prescribes that certain member of local special body members including the Local Development Council, which the PDC administers, shall be composed of NGOs and POs (People’s Organization). The survey further asked each PDC that whether the there is an extra member from the NGOs/POs in the executive committee of the Local Development Council. This question item is aimed to measure whether there is a substantial communication with stakeholders in the process of planning development. Further, the survey asked the number of general assembly of Local Development Council in a year. As the Local Government Code requires all LGUs to have general assembly of Local Development Council at least twice in a year, this question item also tries to measure the intensity of the communication with the stakeholder of local government.

### ***Leadership***

Human aspect of the management in local government often involves with the capacity building of the staff. The quality of leaders and managers at the executive, their effective communications with key stakeholders in the community, connections with citizens, all constitute resources that must be deployed effectively in order to achieve desired outcome (Capuno 2010). Executive managers in the local government does not simply implement the policies that mayors and other elected officials made. Beyond simple dichotomy, the relation between the managers and elected officials is described as intervenient and reciprocal ones (Zhang and Feiock 2009). Reflecting the dual role and partnership with the elected officials in policy process, policy leadership of the manager, or his/her own policy orientation has also its importance. Policy orientation is a proxy variable representing the culture of policy and managerial innovations that eventually indicates the degree of government's effort to move towards such way (Moon and Norris 2005). As it has been explored in the previous chapter, the survey asked the PDC's policy orientation as the probity indicators of executive leader's policy preferences. In addition to the policy analysis, PDC's attributes such as gender, educational level, and years of experiences are used as the independent variable.

### ***Size and Location***

Other influential factors to determine the state of performance are the size and location of local government. Size of local government is often presented as one of the organizational characters in environmental context. Traditional economic perspective suggests that larger size of local government simply performs better and more effectively due to the scale of economy. In more managerial context, larger government has more resources to mobilize. In contrast, smaller local government may have more effective communications with stakeholders and citizens, and smaller communities tend to have less heterogeneous policy preferences.

Location of local government is also a potential factor to make influence on the performance of local government. The other economic theory (public choice theory) suggests that in urban area where many small local governments exist in more fragmented way, there is a "market" that local government compete each other. There is also greater pressure of other non-government (both profit and non-profit) service providers as alternatives to the existing in house service delivery arrangement. Local government in rural area tends to have less pressure for better performance, as it is the only service providers available in the community.

Size of the local government can be classified with the status of local government. According to the Local Government Code 1991, the city must have more than 150,000 populations in the community, whereas municipalities have smaller population than cities. The sample is divided into city which accounts 39% and municipality 69%, which mostly maintains the proportions of the population. Geographical locations can be determined by the island groups where sample local governments are located, as population, population density and state of development greatly differ among island groups. Descriptive statistics is summarized below.

As there is significant economic disparity among islands, dummy variable is used to control the size and location of LGUs in the analysis.

**Table 7: Distribution of City and Municipality in Island Group**

	City (N=93)	Municipality (N=207)
Luzon (N=170)	30.6	60.4
Visayas (N=67)	35.8	64.2
Mindanao (N=63)	27.0	73.0

\*76 local governments in the ARMM were excluded from the population due to political instability.

***LGPMS: Dependent Variable***

Dependent variable is based on the LGPMS (Local Government Performance Management System), which is the performance indicator developed by the Department of Interior and Local Government from 2009 (Domingo and Reyes 2010). The LGPMS is the performance indicator based on the self-appraisal by the LGUs and it has five area; Administrative Governance, Social Governance, Economic Governance, Environmental Governance, and Valuing Fundamentals of Governance, with five point scale. Point 5 indicates the highest performance while 1 indicates lowest.

The Administrative Governance indicator is composed of (i) Local Legislation, (ii) Development Planning, (iii) Revenue Generation, (iv) Resource Allocation and Utilization, (v) Customer Service, and (vi) Human Resource Management Development. The Social Governance indicator is composed of (i) Health Service, (ii) Support Education Service, (iii) Support Housing and Basic Utilities, and (iv) Peace Security Disaster Risk Management. The Economic Governance indicator is composed of (i) Support Agricultural Sector, (ii) Support Fishery Sector, and (iii) Business Promotion. The Environmental Governance indicator is composed of (i) Forest Ecosystem Management, (ii) Freshwater Ecosystem Management, (iii) Coastal Marine Ecosystem Management, and (iv) Urban Ecosystem Management. Finally, the Valuing Fundamentals of Governance indicator is composed of (i) Participation, (ii) Transparency, and (iii) Financial Accountability.

As the Economic Governance and Environmental Governance performance information do not cover the all LGUs and there would have missing value in the analysis, of five area of performance, Administrative Governance, Social Governance, Valuing Fundamentals of Governance, and the mean score of these three areas of 2011 data are used in the analysis.

**Table 8: Descriptive Statistics of LGPMS 2011**

		Mean Score
Administrative Governance (Mean Score: 4.196, Cronbach's $\alpha$ : 0.576)	Local Legislation	3.8556
	Development Planning	4.5739
	Revenue Generation	3.7806
	Resource Allocation and Utilization	3.5410
	Customer Service	4.6777
	Human Resource Management	4.7493
Social Governance (Mean Score: 4.409, Cronbach's $\alpha$ : 0.690)	Health Service	4.7087
	Support Education Service	4.4895
	Support Housing and Basic Utilities	4.0480
	Peace Security Disaster Risk Management	4.3883
Valuing Fundamentals of Governance (Mean Score: 4.514, Cronbach's $\alpha$ : 0.564)	Participation	4.3286
	Transparency	4.5816
	Financial Accountability	4.6310

The mean score of Administrative Governance, Social Governance, and Valuing Fundamentals of Governance is 4.335, and the Cronbach's  $\alpha$  of these three performance area is 0.762.

### 3. Analysis of Survey Data and Summary

Factors and hypothesis that would affect the state of performance in local government, and its independent variables in the analysis are summarized in table 9. Table 10 reports the results of multiple variance regression analysis, with the question items to PDC as independent variables, and the LGPMS 2011 data as dependent variables. The equation of three models; Revenue Generation, Customer Service, and Support Housing and Basic Utilities do not achieve statistical significance at  $p < 0.05$ . Although the sample size was 300 there are missing values in each question item in the survey, final valid sample in the analysis is down to 253. To test the multicollinearity effect, all of the independent variable's VIF (Variation Inflation Factor) values are identified and it shows there is no severe multicollinearity among the variables.

**Table 9: Factors and Variables to determine the Local Government Performance  
(Hypothesis)**

<b>Factors</b>	<b>Variables</b>
Capacity Building Opportunities	Frequency of Training (Using Survey data from Mayor)
Network	Frequency of Meeting with Officers of other Governments
Communication with Stakeholders	Frequency of Meeting with NGO/PO, and Business People
	Frequency of Meeting with Barangay Captains, and Council Members
	Frequency of General Assembly of Local Development Council
	Participation of NGO/PO in Executive Council of Local Development Council (dummy)
Quality of Executive Leader (PDC)	Years of Experience of PDC
	Gender of PDC(dummy)
	Educational Level of PDC (dummy)
	Policy Orientation of PDC (dummy)
Size and Location (Control Variable)	City/Municipality (dummy)
	Island Group (dummy)

**Table 10: Results of Multi Variance Regression Analysis**

	Local Legislation	Development Planning	Revenue Generation	Resource Allocation Utilization	Customer Service	Human Resource Management	Health Service	Support Education Service	Support Housing and Basic Utilities	Peace Security Disaster Risk Management
	Beta	Beta	Beta	Beta	Beta	Beta	Beta	Beta	Beta	Beta
Frequency of Training	0.076	0.063	0.042	0.061	0.074	-0.025	0.040	-0.067	0.108	-0.019
Meeting with Officers of other cities/municipalities	-0.078	-0.021	-0.006	-0.003	-0.019	-0.022	-0.047	-0.061	-0.041	-0.113
Meeting with Planning Officers of Province	0.078	0.080	-0.012	0.014	-0.014	0.014	0.074	0.059	-0.041	0.024
Meeting with Other Officers of Province	-0.064	-0.058	-0.010	0.007	-0.032	-0.016	0.041	-0.009	0.073	0.078
Meeting with Regional Officers of the Departments	0.205**	0.081	0.083	-0.014	0.063	-0.033	0.018	0.109	-0.001	0.109
Meeting with Directors of the Departments	-0.355***	-0.166*	-0.092	0.016	-0.125	-0.165*	-0.039	-0.049	-0.039	-0.252**
Meeting with Undersecretaries of the Departments	0.070	0.219**	0.250**	0.167*	0.027	0.032	0.024	0.112	0.147	0.109
Meeting with Secretaries of the Departments	-0.051	-0.095	-0.107	-0.031	0.082	0.014	-0.114	0.000	-0.138	-0.028
Meeting with Barangay Captains	0.144	0.043	-0.025	-0.172*	0.161	0.325***	0.118	0.068	0.083	0.116
Meeting with Council Members	0.005	0.053	-0.006	0.143	-0.007	-0.101	-0.037	0.038	-0.078	0.007
Meeting with NGO/PO	0.166**	0.092	0.095	-0.006	0.147	0.085	0.166*	0.067	-0.005	0.110
Meeting with Business People	0.096	-0.001	-0.043	0.005	-0.008	-0.055	-0.060	0.008	0.005	-0.120
Frequency of General Assembly of Local Development Council	-0.083	0.071	-0.082	0.152*	-0.026	-0.072	-0.008	-0.063	0.046	0.002
NPO in Executive Committee of Local Development Council (dummy)	0.094	0.087	0.040	-0.011	-0.016	0.003	-0.057	-0.039	-0.001	0.132*
Gender	0.073	-0.065	0.071	0.082	0.102	0.000	-0.032	0.017	-0.143*	0.010
Education (dummy for Master Level or more)	-0.025	0.071	0.116	-0.088	-0.053	-0.010	0.054	0.071	0.013	-0.075
Social Development Policy Orientation (dummy)	0.116	0.186**	0.160*	0.078	0.136*	0.058	0.080	0.130*	0.162*	0.226***
Years of Experience as MPDC	0.003	-0.057	0.084	-0.015	0.075	0.119	0.071	0.110	0.041	0.016
City (dummy)	0.313***	0.235***	-0.027	0.345***	0.065	0.1389*	0.244***	0.232**	-0.028	0.314***
Luzon Island (dummy)	0.126	0.015	0.152	0.176*	0.049	0.156	0.087	0.178*	-0.014	0.061
Visayas Island (dummy)	-0.036	-0.065	0.121	0.014	-0.002	0.170*	0.041	0.003	-0.112	0.036
Number of Observation	253	253	253	253	253	253	253	253	253	253
Adjusted R2	0.205	0.139	0.039	0.151	0.024	0.075	0.089	0.115	0.024	0.167
F(p-value)	4.104(0.000)	2.947(0.000)	1.483(0.084)	3.141(0.000)	1.294(0.180)	1.978(0.008)	2.043(0.006)	2.566(0.000)	1.294(0.180)	3412(0.000)

Note: \*p<0.05; \*\*p<0.01; \*\*\*p<0.001

**Table 10: Results of Multi Variance Regression Analysis (continued)**

	Participation	Transparency	Financial Accountability	Administrative Governance Cronbach $\alpha$ (0.576)	Social Governance Cronbach $\alpha$ (0.510)	Valuing Fundamentals of Governance Cronbach $\alpha$ (0.564)	All Three LGPMs Score Cronbach $\alpha$ (0.762)
	Beta	Beta	Beta	Beta	Beta	Beta	Beta
Frequency of Training	-0.057	0.023	0.000	0.087	0.057	-0.020	0.051
Meeting with Officers of other cities/municipalities	0.037	0.127	0.012	-0.044	-0.082	0.086	-0.021
Meeting with Planning Officers of Province	0.003	-0.012	-0.007	0.049	0.009	-0.006	0.019
Meeting with Other Officers of Province	0.045	-0.018	0.088	-0.047	0.074	0.039	0.036
Meeting with Regional Officers of the Departments	-0.080	-0.080	-0.085	0.117	0.060	-0.105	0.029
Meeting with Directors of the Departments	-0.111	-0.001	-0.089	-0.252**	-0.108	-0.084	-0.176*
Meeting with Undersecretaries of the Departments	0.142	0.204*	0.043	0.240**	0.164	0.189*	0.241**
Meeting with Secretaries of the Departments	-0.069	-0.121	0.078	-0.071	-0.123	-0.076	-0.116
Meeting with Barangay Captains	0.104	0.011	0.161*	0.093	0.127	0.105	0.137
Meeting with Council Members	0.045	0.012	-0.143	0.043	-0.047	-0.008	-0.012
Meeting with NGO/PO	0.224**	0.128	0.133*	0.157*	0.073	0.220**	0.180**
Meeting with Business People	-0.061	-0.109	0.042	0.006	-0.034	-0.075	-0.045
Frequency of General Assembly of Local Development Council	-0.046	-0.075	-0.175**	-0.002	0.012	-0.109	-0.039
NPO in Executive Committee of Local Development Council (dummy)	0.060	0.048	0.089	0.061	0.009	0.080	0.058
Gender	0.008	-0.078	-0.032	0.085	-0.097	-0.043	-0.036
Education (dummy for Master Level or more)	0.058	0.102	0.031	0.000	0.022	0.090	0.047
Social Development Policy Orientation (dummy)	0.091	0.146*	0.154*	0.209***	0.218**	0.162*	0.246***
Years of Experience as MPDC	0.044	-0.028	0.000	0.052	0.077	0.010	0.061
City (dummy)	0.064	0.237***	0.174*	0.339**	0.169*	0.198**	0.282***
Luzon Island (dummy)	-0.094	0.113	0.119	0.216**	0.073	0.037	0.127
Visayas Island (dummy)	-0.066	0.062	-0.071	0.060	-0.060	-0.024	-0.018
<i>Number of Observation</i>	253	253	253	253	253	253	253
<i>Adjusted R2</i>	0.053	0.122	0.097	0.258	0.101	0.133	0.29
<i>F(p-value)</i>	1.675(0.036)	2.678(0.000)	2.288(0.002)	5.208(0.000)	2.350(0.078)	2.848(0.000)	4.503(0.000)

Note: \*p<0.05; \*\*p<0.01; \*\*\*p<0.001

The first hypothesis is that the more frequent experiences of training, the higher its performance tends to be. The results of regression analysis however revealed that there is no significant relation with the degree of training experiences and local government performances. To further analyze the relation, dummy variable is constructed by categorizing the frequency of training opportunities. It however did not have significant results too. More than 20 years have passed since the enactment of Local Government Code 1991, focus of the decentralization efforts have also shifted from the institutional building to the capacity building (Co and Codero 2012). One of the most cited reasons for not implementing policies through subordinate units of government at provincial and local levels is that they lack the capacity to carry out the required tasks. DILG and others therefore promoted capacity building of LGU officials by giving training through the Local Government Academy and other universities. Aids from the developed countries as well shifted to the investment on human capital at local level. Nonetheless, as the profile and former job of the PDCs indicates, human resource development in LGUs tends to rely on recruiting the officials who already established its specialty or capacity, rather than developing human capital by themselves through training. This would be one of the reasons why the intensity of training as a proxy indicator of capacity building does not have straightforward relations with the local government performances.

Relations with intensity of governmental network identified as frequency of meeting with other government official, and local government performance was also assessed. The results show interesting patterns. Meeting with the undersecretary of the departments shows positive and significant impact on performance. In contrast, meeting with the directors of the departments or the secretary of the departments have slight but negative impact on the performance. In general, intensify of meeting with the officials at national government level have both positive and negative impacts on local government performances. In the Philippines, members of congress have the discretionary budget called “pork barrel”. For the local government looking for further budget allocation for the development, intensity of meeting with the local members of congress, and thus political relations has been important. Results of the analysis imply that not only the political central local relations through contact with local member of congress, administrative vertical network is becoming more important for the development and performance of local government.

Especially in the planning of development plan, there should be some coordination opportunities, as the development plan in lower tiers (city/municipality) is included and integrated in the development plan in the upper tiers (provincial, regional, and national level). For the local government, whether their project is included with higher priority in the development plan in upper tiers of government is critical. The result of analysis implies that relations with upper level development plan and negotiation process among PDCs across levels of government are established, in addition to traditional political route through local members of congress (Green 2005).

Communications with stakeholders (NGO/PO and Business People) and performance is

assessed. The results revealed that in general, contact with new stakeholder such as NGO/PO yields higher performance than contact with traditional stakeholder such as Barangay captains and council members. It is natural that meeting with NGO/PO makes better performance in health service or in other social services, as NGO/PO tends to be involved with service delivery in many cases. Nonetheless, meeting with NGO/PO has positive impact in other governance related areas such as local legislation, participation, and financial accountability. Local government in the Philippines has long been “captured” by boss politics for many years. And in many cases, this boss politics is closely connected with the political dynasty of the business elite in each locality (Sidel 1999). The provisions of the Local Government Code 1991 require to have the participation of NGO/PO in various policy areas, aiming to improve the efficiency and accountability of the policy process in the local government (Adriano 2014; Ishi, Hossain and Rees 2007; Legaspi 2010). The results of analysis show that there is a certain improvement with the participation of NGO/PO (Capuno and Gracia 2010).

To assess the quality of leader and performance, attributes of PDC, their policy orientation, and local government performance are assessed. First, there is no significant relation with attributes of PDC such as gender, education level, and years of experiences and local government performances. In terms of PDC’s policy orientation and performance, the result indicates that PDCs with social development policy orientation have higher performance than those with economic development policy orientation. Policy orientation identified in the survey was individual PDC’s desired policy area, hoping to put more resources. In other words, it is the indications of most sensitive policy area where PDC believes that the community wants more. Also, social development orientation policy needs more skills to coordinate and implement the policy. Welfare policy needs to have capacity to coordinate the redistribution of limited resources in the community. Environment policy needs effective enforcement and implementation capacity (Adriano 2014).

Finally, the relation between the size and location of local governments and performance are assessed. The result of the regression analysis shows that both status of local government and location have significant effects on the performance. City status and LGUs in Luzon island group have higher performances. Basic criteria to “upgrade” from municipality to city are the population and fiscal capacity (degree to generate own revenue). These two factors may have significant impact on performances. As long as geographical location concerns, local governments in Luzon, which is a main island of the Philippines and has the NCR, tend to have higher performances than other island groups (Visayas and Midanano). Capuno (2005) found that in order to improve the quality of local governance, there needs certain initial level of economic conditions to break the vicious circle of penury and misgovernance. Results of our analysis basically support Capuno’s findings. Nonetheless, our analysis indicates that location and economic condition are not necessary only deterministic factors.

## **Concluding Remarks**

It is normally understood that transfer of authority to perform services from central agencies to closer government entities bring about a range of desirable outcomes. After the decentralization reform, local governments are expected to provide services that are more relevant to local needs. At the local level, interactions with key stakeholders can make policy decision consistent with local need, as well as providing people with a sense of solidarity, control, connectedness, and authority (Ishi, Hossain and Rees 2007). Although these views are common, the question of decentralization with democracy and efficiency does not appear self-evident (Adriano 2014; Capuno 2005).

Local government in the Philippines has been transforming its management and service delivery in more efficient and democratic manner since the passage of Local Government Code 1991. Various efforts are observed in the local government either with strong political leadership of the mayor in the community, or with the wide range of people's participation. Against the background, the research focuses on the bureaucratic factors of local government. Local government has been traditionally dominated by the local politics with patronage. Nevertheless, after the decentralization reform, local government capacity as organization becomes more important than ever (Co and Cordero 2012).

Analysis of survey to PDC revealed both anticipated and unexpected results. Network with other levels of government officials, commutations with stakeholders, and PDC's own policy preferences have significant impact on performances (Azfar et al 2000). In contrary, training opportunities failed to have significance. The reasons would be that PDC and other government officials are hired based on their established capacities, rather than developing human resources by themselves through training. This account is partially verified the fact that half of the surveyed PDC's former job is in private sectors. Professional positions in LGUs are based on the open system rather than closed career development within government.

More than 20 years has passed since the passage of Local Government Code 1991. In this period, devolution of powers and responsibilities, and transfer of staff of central government to local government have taken place. In addition, empowered LGUs are required to have local special bodies such as Local Development Council and others with various "new" stakeholders' engagement. Results of the analysis generally implies that in addition to the local "politics", if not instead of it, local "government" or local "administration" has become more important factors to the state and development of local government performance and its governance quality.

Decentralization reform has swept both Eastern and Western countries from the 1990s. As the Philippine has both Spanish and U.S. colony history, local government systems has evolved with two countries influences and overtones such as landlord capital economy, and "boss machine" politics. Results of the decentralization reform thus seem to have hybrid features and characteristics of Eastern and Western experiences in its nature. Findings of importance of

NGO/PO, and policy orientation of PDC as top ranked bureaucrats, to some degree similar to the City Manager in the U.S. local government, which was invented from the reflection of “boss machine” politics in local government, implies that the aim and results of decentralization reform are echoed with the Western thoughts and experiences. In contrast, growing importance of hierarchical administrative relations among government officials across levels of government seems to fire more in the “strong state” of Asian economic growth morel which stresses the state capacity to mobilize resources for overall (not partial or confined to local) development.

This study is exploratory in nature and has theoretical and empirical limitations; for instance, the data set used as dependent variable does not necessary reflects actual state and performance of local government. Using LGPMS data has certain limitations since it is the indicator based on self-appraisal (Domingo and Reyes 2010; Rood 1998). It is used as surrogates for conceptual variables. In further analysis, more outcome oriented performance indicators may be more appropriate such as collection efficiency of local taxes, rate of facility based delivery, rate of fully immunized child, and others. Moreover, the survey at this time was elite survey aiming to collect the data from Mayors and PDCs. How the social capital and mutual trust within the community affect the local government performance is not yet explored. This state of “local community or society” and “local government performance” relations will be explored and analyzed in near future, as the authors plan to conduct the survey to general citizens in each LGU later next year.

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