

An Analysis of the Relationship between Municipalities and NGOs in Terms of Active Participation in Local Budgeting in Türkiye¹

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Türkiye’de Yerel Bütçeleme Sürecinde Belediyeler ile STK’lar Arasındaki Aktif Katılımcılık İlişkisinin Analizi²

Abstract

This study focuses on the relationship between NGOs’ active participation in municipal budgeting and their perception of budget efficiency. Our research estimates the relationships among transparency, trust in the municipality, NGOs’ active participation, responsibility, and budget efficiency perception via the structural equation model. The findings indicate that active participation plays a key role in the model and directly affects the perception of budget efficiency. Besides, increased active participation, NGOs’ responsibility, and trust positively affect budget efficiency perception. Transparency mediated through active participation and trust affects the perception of budget efficiency. Trust, transparency, and responsibility positively affect active participation.

Keywords : Active Participation, Municipality, NGOs, Participatory Budgeting, Structural Equation Model.

JEL Classification Codes : H30, H70, H83.

Öz

Bu çalışmada STK’ların belediye bütçeleme sürecine aktif katılımı ile bütçe etkinliği algısı arasındaki ilişkiye odaklanılmaktadır. Araştırmamız şeffaflık, belediyeye güven, STK’ların aktif katılımı, sorumluluk ve bütçe etkinliği algısı arasındaki ilişkileri yapısal eşitlik modeli aracılığıyla tahmin etmektedir. Çalışmada elde edilen bulgular, aktif katılımın modelde kilit bir rol oynadığını ve bütçe etkinliği algısını doğrudan etkilediğini açıkça göstermektedir. Model sonuçları, aktif katılım,

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STK'ların sorumluluđu ve gŋven ile bŋtçe etkinliđi algısı arasında olumlu yŋnde bir iliřkiyi ortaya koymaktadır. Ayrıca, Őeffaflık, aktif katılım ve gŋven aracılıđı ile bŋtçe etkinliđi algısını etkilemektedir. Gŋven, Őeffaflık ve sorumluluk ise aktif katılımı olumlu yŋnde etkilemektedir.

Anahtar Sŋzcŋkler : Aktif Katılım, Belediye, STK, Katılımcı Bŋtçeleme, Yapısal Eřitlik Modeli.

1. Introduction

Municipalities are administrative units that play significant roles in determining local needs accurately and delivering services effectively to local citizens. Such questions as how municipalities can manage their budgeting processes more efficiently and effectively and which methods to be adopted in decision-making and budgeting processes have been the focus of many academic studies (Berner et al., 2011; Ebdon, 2000, 2002; Alibegović & Slijepčević, 2018; Zhang & Yang, 2009). Discussions often revolve around participatory democracy as a conception and the need for extending participatory budgeting practices. It is asserted that adopting participatory methods in budgeting processes has yielded positive results in budget performance (Berner et al., 2011; Franklin & Ebdon, 2004; Irvin & Stansbury, 2004; Orosz, 2002).

Many studies report that citizens' active participation increases their confidence in public officials and improves political efficiency and public financial performance (Devas & Grant, 2003; Ebdon, 2002; Michels & de Graaf, 2010). Active participation defines the attempts to force participation to create and support the 'active citizen' model (Chandler, 2001). The forcing, as mentioned here, means citizens have more rights to speak and authority within NGOs. The difficulty of inclusion in participation processes on an individual basis has increased the importance of NGOs organised around different purposes. Defining participation as active implies being directly involved in the planning and decision-making processes in which the activities are determined, besides being informed of the activities (Ríos et al., 2016). It is assumed that active participation in administrative decision-making through NGOs will benefit the politically, economically, and socially disadvantaged groups in the society (Brannan et al., 2006).

Participatory democracy in municipalities is considered a way of boosting communication between administrators and citizens, generating public support for local government goals, and developing public trust in the administration (Ebdon, 2002; Wang, 2001). Participatory democracy in the budgeting process, on the other hand, comes up as 'the participatory budgeting' model (Zhang & Liao, 2011). The model aims to create a citizen-oriented, and accountable system in which budgeting is performed in line with the needs of the residents and the administration is structured in a bottom-up fashion (Baiocchi, 2001; Zhang & Liao, 2011).

In the literature, many concepts and principles like democracy, trust, transparency, accountability, participatory budgeting, budget performance, and budget efficiency are used

together with active participation. They are associated with one another in various ways. As further research on the subject made evident, conceptual suggestions and measurement tools concerning participation vary, not allowing direct translations or comparisons. On the other hand, in empirical studies conducted to measure citizens', NGOs' or other stakeholders' levels of active participation in decision-making processes, different scales have been used, and different variables have been determined (Caamaño-Alegre et al., 2013; Callahan, 2002; Florini, 2007; Heald, 2006; Kim & Lee, 2012; Park & Blenkinsopp, 2011; Petrova, 2011; Wang, 2001; Yang & Callahan, 2005). This shows the extensive body of the subject of active participation and indicates a complex structure in terms of the number and directions of the relationships constituting the practice of active participation.

When the active participation relationship between municipalities and NGOs in local governments in Türkiye is evaluated, it can be argued that many regulations have been made to implement a participatory and collaborative approach in the legislation to accurately reflect the demands and preferences of the public regarding social problems to the administration and to produce effective solutions (Bulut et al., 2017; Çılgin & Yirmibeşoğlu, 2019; Eroğlu & Gerçek, 2022). In this context, mechanisms have been established to increase participation, such as neighbourhoods and neighbourhood mukhtar offices, citizens' law, city councils, voluntary participation in municipal services, specialised commissions, and survey practices³.

Within the scope of the direct regulation on participation, municipal council commission meetings can be attended by officials, NGO representatives and experts other than council members. However, although these individuals could attend and express their opinions at specialised commission meetings where issues falling within their areas of duty and activity are discussed, their lack of voting rights significantly undermines active participation. Similarly, although municipal council meetings are open to the public, the public can only watch the sessions and cannot influence or actively participate in the council's decisions. On the other hand, while Turkish legislation recognises that NGOs are important to local governments, there is no clear and predictable legislative infrastructure for participating associations and foundations in local governance. Active participation of associations and foundations in local governments can only be realised through limited interactions such as carrying out projects and participating in city councils. For this reason, there is a need to develop concrete proposals on how associations and foundations as NGOs can cooperate with public institutions and organisations and their duties and responsibilities regarding their active participation in governance.

The present study examines the relationships among the variables as the active participation relationship between municipalities and NGOs, transparency, trust in the

³ *Articles 9, 13, 24, 41 and 76 of Municipal Law No. 5393, Articles 3 and 15 of the Metropolitan Municipality Law No. 5216, Articles 4, 5 and 16 of the City Council Regulation, Articles 11 and 12 of the Municipal Assembly Working Regulation, Articles 10 and 25 of the Law on Associations and Foundations contain the regulations on the participation relationship between municipalities and NGOs in Türkiye.*

municipality, NGOs' responsibility, and NGOs' perception of the efficiency of the municipal budget. Based on the connections between these variables, the goal is to develop a structural equation model to promote active participation in municipalities. The developed model focuses on the active participation relationship between municipalities and NGOs during the budgeting process. The study aims to contribute to the literature by elaborating on the budgeting process in examining the active participation relationship in local governance using structural equation modelling. Considering the outcomes obtained from the tested hypotheses constituting the model, it aims to clarify the multi-dimensional and complex structure of the participation relationship between municipalities and NGOs and reveal the prominent relationships in the Turkish context, their directions, and mediations.

2. Theoretical Background and Hypothesis Development

Budgeting is a political and social process in which decisions on resource distribution and their outputs are debated (Rubin, 1990; Wildavsky, 1992). The most critical issues to be decided (both at central and local levels) include how to allocate public resources, which policy areas to prioritise, and who will benefit from the advantages to be generated from budget expenditures to what extent. In this respect, decision-makers need help executing the budgeting process in terms of both revenues and expenses. The most important solution to this problem is ensuring active participation in each stage of the budgeting process. The basis of participation in budgeting processes in municipalities primarily stems from the fact that the budget is a public record. The participatory budgeting model implies citizens' involvement in determining the city's needs, financial planning, preparing, and implementing the budget (Ebdon, 2002; Ebdon & Franklin, 2006; Mærøe et al., 2021).

A citizen's perception of active democracy could be based on the idea that he/she has several means to participate actively; however, for many, the participation process ends upon voting. This lack of participation is especially true for budgeting; citizen participation has rarely been promoted in determining budget policies (Berner & Smith, 2004). Citizen participation in budgeting processes occurs in two ways; one is through informing, and the other one is directly including citizens and making decisions together (Berner & Smith, 2004; Callahan, 2007; Ebdon & Franklin, 2006; Zhang & Liao, 2011). Informing is the most preferred method by administrators. It is rather one-sided and relatively low-cost. Municipalities generally share their budgets and fiscal data with the public at regular intervals instead of encouraging dialogue and citizen input in the budgeting process. However, this is not citizen participation in real terms since budgets are already made, and citizens are only informed about them (Ebdon, 2000; Liao & Zhang, 2012). Important policy decisions that affect citizens are made during the budgeting process; therefore, active participation appears to be an opportunity for citizens to determine their own needs (Ebdon, 2000). Besides, citizen participation in local governments is claimed as a way of promoting communication between administrators and citizens, creating public support for the goals of the local government, and improving public trust in governments (Berner et al., 2011; Ebdon & Franklin, 2006; Liao & Zhang, 2012; Wang, 2001).

It is important for active participation that participation processes involving citizens will be democratically and effectively as the beginning of decision processes are implemented. A governance perspective to provide the basis for these processes through continuous communication is jointly adopted by stakeholders, and stakeholders' roles are clarified (King et al., 1998; Røiseland & Vebo, 2016). Similarly, defining public participation as a deliberative process involving a large scale of stakeholders, Innes and Booher (2004) consider three elements they identify as 'a real process of dialogue', 'stakeholder network' and 'institutional capacity' critical for active participation. The issues that are especially highlighted in the literature include that participation is a dynamic process, all kinds of the participatory decision-making process, including budgeting, are specific to place and time, the results of the participation techniques followed vary by how participation processes take place and the institutional, political, and social/cultural context that affects these processes (Brannan et al., 2006; Chandler, 2001; Fung & Wright, 2001). Following these discussions, one significant conclusion is that the legal definition of new techniques for active participation beyond local representation mechanisms is required to ensure the local population's active participation in decision-making processes; however, it is insufficient.

In the light of the literature review, the factors that play a role in the participatory budgeting process at the local level and are considered to influence the perception of budget efficiency were identified as (1) the participation process, (2) participation mechanisms, (3) transparency, (4) trust and (5) responsibility (See Table 1).

Table: 1
Active Participation Model in Budgeting at the Local Level

Budgeting Process in Municipalities	Active Participation Model
Planning	Participation process
Decision-making Process	Participation mechanisms
Budgeting	Transparency
Monitoring	Trust
	Responsibility
Goals and Performance	Budget Efficiency

The budgeting process consists of five main stages in municipalities: (1) planning, (2) decision-making processes, (3) budgeting, (4) monitoring, and (5) goals and performance. Elements required for the active participation model include designing the participation processes and mechanisms (democracy awareness, establishing the legal framework, empowering the capacity of NGOs, participation mechanisms), transparency, trust, responsibility, and budget efficiency.

2.1. Budget Performance and Efficiency Perception

It is frequently reported that adopting the active participation model in the decision-making and budgeting process in municipalities yields positive results in terms of budget performance (Berner et al., 2011; Irvin & Stansbury, 2004; Mizrahi & Vigoda-Gadot, 2009; Orosz, 2002; Simonsen & Robbins, 2000). A budget-making and implementation process

based on the active participation model increases citizens' trust in the government and improves political activity and financial performance (Citrin & Muste, 1999). Vigoda (2002) measured the relationship between citizens' participation in decision-making processes and public performance and concluded that perceptions of public service activities positively affected the performance and belief in citizen participation. In their study on the relationship between budget performance and participatory budget in Malesia, Yahya, Nazli Nik Ahmad, and Hamid Fatima (2008) found that institutional commitment increased with participation, which positively affected the executive performance of the budget process. Borge, Falch, and Tovmo (2008) concluded that democratic participation, measured in voting behaviour, increased budget efficiency and democratic participation. Mizrahi and Gadot (2009) claimed that there are positive correlations between citizen participation in decision-making processes in the public sector, quality perception in public management, level of trust in state institutions, and participant behaviour levels. Julnes (2004) states that citizen participation in performance improvement efforts is important in two aspects. The first is increased trust in the government with participation, contributing to the long-term sustainability of performance measurement attempts. Additionally, it promotes policymakers' accountability to citizens. The second is that performance enhancement processes are costly, which is shared through participation (Julnes, 2004).

2.2. Dimensions of Active Participation

2.2.1. Decision-Making Processes

The commonly used method for participatory decision-making in modern democracies is elections. However, decisions taken by the representatives elected by the public are an example of the passive participation of citizens. In passive participation, administrators share their decisions, public policies, and the budgets they prepared accordingly with the public. In this regard, citizen participation is limited to making preferences among the politicians offering different plans and budget packages. Such a participatory decision-making process may include one-way information sharing, open public sessions, consultations, and citizen surveys conducted to determine citizens' political choices (Callahan, 2002; Chi et al., 2014; McIver & Ostrom, 1976; Webb & Hatry, 1976). On the other hand, a decision-making process involving active participation is a process through which citizens organise themselves and their goals at the bottom level and work with non-governmental organisations to affect the decision-making process. Active participation processes which aim at increasing budget efficiency consist of two stages: budget preparation and budget assessment (Ebdon, 2000). Holding meetings and getting into dialogue with citizens before developing the budget would increase citizens' interest and willingness to participate (Ebdon, 2000; Sabri, 2010).

The efficiency of participation processes in municipalities depends on such variables as local fiscal autonomy and local resource levels, a clear reference to active participation mechanisms in the municipal law, strengthening the partnership between the municipality and NGOs (democratisation in the general state of power relations), high level of

representation of NGOs and other local groups and influence on decisions with early inclusion of citizens to the participation process, freedom of association, the rule of law and raising awareness for local democracy (Franklin & Ebdon, 2004; Røiseland & Vebo, 2016). Active participation processes in municipalities reveal an evolution from 'government' to 'governance' as the main framework for the relationships between the state and citizens. Governance is defined as a multi-actor, pluralistic, reconciliatory model of public administration based on horizontal relations in which NGOs and individual citizens actively participate in the decision-making processes (Krafchik, 2005; Novy & Leubolt, 2005). The development of active participation mechanisms is accepted as an essential component of the governance perspective on public administration and the participatory democracy approach (Devas & Grant, 2003; Michels & de Graaf, 2010).

2.2.2. Participation Mechanisms

Primary mechanisms of active participation at the local level are workshops, citizen working groups, consultation committees, city councils, municipal councils, and commissions (Callahan, 2002; Ebdon & Franklin, 2006). First practices concerning participation include citizen surveys used to deal with certain issues or determine citizens' policy choices (McIver & Ostrom, 1976; Watson et al., 1991; Webb & Hatry, 1976). Surveys can be useful for understanding citizen satisfaction and revealing their preferences, but citizens may not be able to express their choices clearly through a limited number of survey questions (Ebdon & Franklin, 2006).

Contributions made to the participation process vary by the participation mechanisms adopted. For example, open public meetings generally display participation of passive quality. Participation is usually low, and participants may not represent the community (Ebdon, 2002). Citizen working groups, consultation committees of NGOs, city councils, municipal councils, and commissions are accepted as more efficient mechanisms, especially in determining policies and decision-making processes (Callahan, 2007; Ebdon & Franklin, 2006; Alibegović & Slijepčević, 2018; Kathlene & Martin, 1991). These mechanisms are employed in the earlier phases of decision-making and budgeting processes, and they serve a deliberative purpose rather than one-way information sharing. In this regard, the following hypothesis is proposed:

H₁: Active participation affects the perception of budget efficiency positively.

2.3. Trust

Trust is an important factor that increases participation and leads participants to take more responsibility. In addition to making citizens more conscious of the complexity of the budgeting process, participation enhances trust in the way public resources are used (Ebdon, 2000). According to Ebdon and Franklin (2006), one beneficial result of participation in budgeting is enhancing trust and creating a sense of community. Wang (2001) revealed that participation was generally associated with increased public trust, but trust was not limited to budgeting. Fennema and Tillie (1999) examined the participation rates of different ethnic

groups in local elections in Amsterdam and found that trust increased participation. Trust also influences transparency perception. Park and Blenkinsopp (2011) remark that although a significant relationship exists between corruption and transparency, the severity of such a relationship is determined by citizens' trust and satisfaction with public services. In the study in which they analysed the statement that citizen participation increased trust in the public, Wang and Wan Wart (2007) approached the relationship between participation and trust with a model including the factors of creating consensus, ethical behaviours, accountability practice, service quality, and institutional capacity and stated that particularly service quality and ethical behaviours of public officials were important factors affecting trust.

A political environment characterised by a lack of trust may cause administrators to be more cautious, less decisive, more bureaucratic, and less able to respond effectively to people's needs (Liao & Zhang, 2012). On the other hand, a lack of trust in local governments creates a significant barrier to participation. In this context, the following hypotheses are proposed:

H₂: Trust affects active participation positively.

H₃: Trust affects budget efficiency perception positively.

2.4. Transparency

It is considered important for an active participation model that municipalities are transparent and open in their activities. Transparency is the possibility of reaching information directly. Easy access to open information to the public refers to transparent governance, open processes, and procedures. A high level of transparency and accessibility encourages ethical awareness in public services, which in turn enables those managing resources to account to the public about their performance through information sharing (Kim et al., 2005). To actively participate in decision-making processes, citizens must obtain accurate and reliable information about municipal operations (Héritier, 2003; Justice et al., 2006). It is otherwise wrong to expect citizens to make realistic evaluations of municipalities. Transparency has two sides. On one side are the public officials supposed to produce and communicate information; on the other side are the citizens to whom the information is submitted (Blanton, 2002). Thus, it is vital that information concerning budget is shared on the internet or local media in a one-way and timely manner, while these methods are insufficient since no citizen feedback is obtained (Liao & Zhang, 2012). Therefore, transparency must be supported with interactive participation mechanisms. Public expenditures can improve transparency, and public revenues can increase with an active participation model (Alibegović & Slijepčević, 2018). In this regard, the following hypotheses are proposed:

H₄: Transparency affects active participation positively.

H₅: Transparency affects the perception of budget efficiency positively.

H₆: Transparency affects trust positively.

2.5. Responsibility

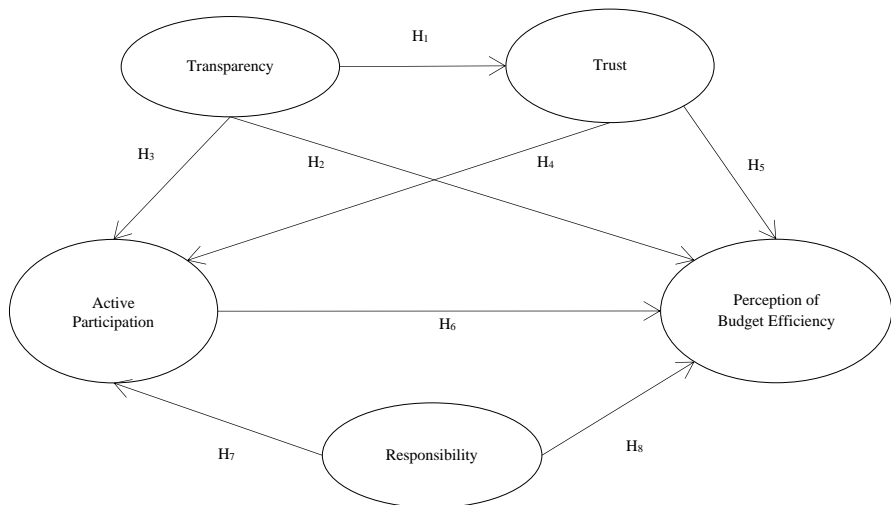
Stakeholders' responsibility is associated in one aspect with the accountability of public institutions and the inclusion of citizens in participation processes actively and with citizens' and NGOs' responsibility of calling to account and participation in another aspect (Newman & Tonkens, 2011). The responsibility of public institutions indicates public officials' liability to act according to the framework drawn by the constitutions rather than arbitrariness when fulfilling their duties. Responsibility has two sides in the implementation of participatory decision-making processes in municipalities. The first one is the municipalities responsible for providing quality services in a participatory way in line with the needs of the public. In contrast, the second one is the citizens responsible for following service provision processes and calling the municipality to account. In this regard, the following hypotheses are proposed:

H7: Responsibility affects active participation positively.

H8: Responsibility affects the perception of budget efficiency positively.

The structural equation model that incorporates the above hypotheses developed considering the literature review is presented in Figure 1. Each arrow between the variables represents a single hypothesis.

Figure: 1
Hypothesised Model



3. Methodology

3.1. Data and Sample

The main population of the study consists of NGOs in provincial and metropolitan municipalities in Türkiye⁴. To represent Türkiye, the number of NGOs in the provinces at the NUTS-1⁵ level was examined in the first place. Then, for each NUTS-1 level region, a metropolitan municipality and a provincial municipality were determined depending on their level of development and the number of NGOs. After that, the selection of NGOs was carried out using the simple random sampling method. NGOs that have been operating for a minimum of two years or longer were chosen for the scope of the study.

Data for the study was collected using questionnaires. The questionnaire form included demographic characteristics of the participants and questions from five different scales. The questionnaires were applied to 833 executive members of different NGO types in 23 cities. The study has some limitations. Since the questionnaires were filled out during the COVID-19 pandemic, other data collection methods were used face-to-face and online to reach the required sample size.

Before responding to the questionnaires, the consent of participants was obtained, and they were informed that all descriptive data would be kept confidential after coding. In addition, the importance of answering all the questions was highlighted by explaining the aim of the study. Data collection was performed between October 2020 and March 2021. Therefore, the data used in the study is cross-sectional data. Questionnaire forms, including errors or missing information, were eliminated, and analyses were conducted with the data obtained from 800 questionnaire forms.

3.2. Measures

The study used five scales: the active participation scale, budget efficiency perception scale, transparency scale, responsibility scale, and trust scale. The authors developed all the scales tested for validity and reliability. All the scales employed in the study are prepared using a five-point Likert scale with responses ranging from 1 (strongly disagree) to 5 (strongly agree).

⁴ In Türkiye, 'province' is the name given to the largest administrative divisions at the national government level. Thirty provinces out of a total number of eighty-one have metropolitan municipalities at the local government level. Metropolitan municipalities, borders of which overlap with that of the provinces, form a higher tier of municipal government, having a coordination function over district municipalities. The remaining fifty-one provinces contain provincial and district municipalities without a metropolitan administrative model.

⁵ Regions at the NUTS-1 level are divided into sub-regions at the NUTS-2 level, and ultimately 81 provinces of Türkiye are represented at the NUTS-3 level. Data were collected from 23 provinces in 12 regions, including Istanbul, Balıkesir, Çanakkale, İzmir, Denizli, Bursa, Düzce, Ankara, Karaman, Antalya, Isparta, Kayseri, Sivas, Zonguldak, Samsun, Trabzon, Rize, Erzurum, Erzincan, Malatya, Elazığ, Gaziantep and Adıyaman.

The active participation scale -including statements related to participation processes and mechanisms- consists of 6 items. High scores on the scale indicate high active participation. Examples are 'The municipality holds regular meetings with the related NGOs in decision-making processes' and 'The municipalities take opinions from NGOs in the decision-making process'. The perception of budget efficiency scale consists of 6 items in total. High scores on the scale show that the perception of budget efficiency is high. Some examples are 'The municipality makes investment expenditures by the primary needs of the local community' and 'The municipality prepares its expenditure programs in line with cost-efficiency analyses'. The trusted scale includes four items. The higher the score is, the higher the trust is. Some examples of the items on the scale are 'The municipality acts fairly in resource allocation' and 'Annual activity reports of the municipality include reliable information'. The transparency scale consists of 4 items. High scores obtained from the scale reveal high transparency. Example items are 'The municipality shares its annual activity reports with the public' and 'The municipality announces how it spends its resources to the public'. The responsibility scale consists of 5 items. High scores on the scale indicate high responsibility. Some items from the scale are 'NGOs are willing to participate in municipal strategic planning' and 'NGOs act responsibly to solve the problems experienced in the city'.

3.3. Analysis

Structural Equation Modelling (SEM) was employed to test the hypotheses developed within the scope of the study concurrently. SPSS was used to obtain the descriptive statistics of the data, and AMOS to estimate SEM. In addition, Cronbach Alfa (CA) and Composite Reliability (CR) values were calculated to evaluate the scales' reliability.

Structural equation models consist of two major components: structural and measurement models. The measurement model measures the latent variables, while the structural model estimates the relationships among latent variables. SEM analysis allows for determining the direct or indirect relationships among related variables. They are commonly preferred in testing models that include latent variables, particularly in social sciences. Estimated structural equation models are evaluated by using goodness-of-fit indices. Commonly reported fit indices can be listed as follows; Model Chi-Square (χ^2), Goodness of Fit (GFI), Comparative Fit Index (CFI), Root Mean Square Error of Approximation (RMSEA), and Standardized Root Mean Square Residual (SRMR) (Bayram, 2016).

4. Results

The demographic characteristics of the N=800 participants in the sample group are summarised in Table 2.

When the NGOs are examined in terms of organisation type, it is seen that the sample includes four groups political parties, unions, professional chambers, and associations, and

the type holding the highest number is associations (49.6%). According to the responses given to the question on gender, most of the participants are males (59.3%).

The mean age of the NGO members mainly ranged between 40 and 49 at 37.5% and 30 and 39 at 36.9%. The group aged 18-29 years old and the one over 60 years of age have the lowest numbers of members. The answers to the members' educational background show that most members are university graduates (45%) and high school graduates (31.8%). According to the responses to the question regarding the NGO members' professions, those in the wage earners professional group (officers, workers) hold the highest rate, with 57.1%.

Table: 2
Sample Characteristics (N=800)

	N	%
NGO Organization Type		
Political Party	66	8.3
Union	179	22.4
Professional Chamber	158	19.8
Association	397	49.6
Gender		
Female	133	16.6
Male	474	59.3
Approximately Equal	193	24.1
Age		
18-29	27	3.4
30-39	295	36.9
40-49	300	37.5
50-59	143	17.9
60 +	35	4.4
Education		
Primary School	22	2.8
Secondary School	90	11.3
High School	254	31.8
University	360	45.0
Postgraduate	74	9.3
Professions		
Wage-earner (officer, worker)	457	57.1
Industrialist or trader	47	5.9
Craft and related trades worker	38	4.8
Self-employed (lawyer, engineer, doctor, financial advisor, etc.)	9	1.1
Farmer	197	24.6
Other	52	6.5

Table 3 shows the mean, standard deviation (SD), Cronbach's alpha (CA), and composite reliability (CR) values for the scales.

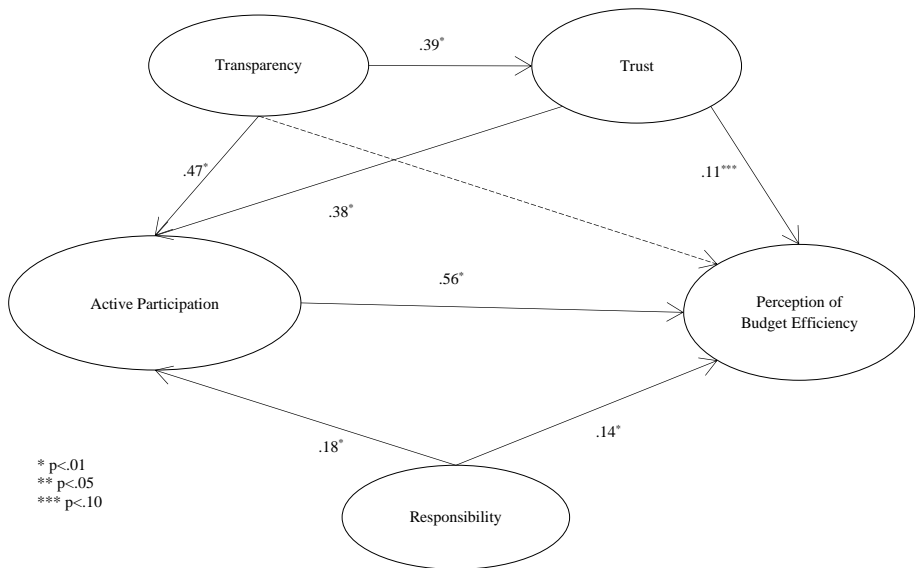
Table: 3
Mean, Standard Deviation, And Reliability Values (N=800)

Scales	Items	Mean	SD	CA	CR
Active Participation	6	17.4	4.46	0.76	0.84
Perception of Budget Efficiency	6	19.55	4.71	0.81	0.81
Responsibility	5	19.45	2.99	0.72	0.72
Trust	4	13.3	3.47	0.80	0.79
Transparency	4	13.3	3.44	0.81	0.80

CA and CR values are expected to be over 0.70. Fulfilment of this condition is accepted as an indicator that the scale is a reliable measurement instrument (Fornell & Larcker, 1981). As seen in Table 3, CA and CR values obtained for each scale are over 0.70.

The structural equation model was estimated with the N=800 data collected from the NGO sample. Each arrow on the model represents the hypotheses, and all the coefficients are standardised. All the estimated path coefficients were found to be statistically significant. The estimates were made with the Maximum Likelihood (ML). The best results obtained from the data are presented in Figure 2.

Figure: 2
Structural Equation Model Estimates



Index values were reported to show the fit of the hypothesised model. These values were obtained as $X^2/df=2.461$ $p=.000$; $RMSEA=.043$; $SRMR=.067$; $GFI=0.941$; $CFI=0.944$. X^2/df , $RMSEA$, and $SRMR$ indices among the fit indices were in the range of $0 \leq X^2/df \leq 3$, $0 \leq RMSEA \leq 0.05$, and $0.05 \leq SRMR \leq 0.10$, respectively, showing an acceptable model fit. Fit indices indicated an acceptable fit with the data (Schumacker & Lomax, 2004). While seven of the hypotheses in the theoretical model were supported according to the estimated model, one was not supported by the results obtained from the data set. According to the estimated model, active participation affects the perception of budget efficiency directly and positively ($\beta=0.56$; $p<0.01$). Trust influences budget efficiency perception directly and positively ($\beta=0.11$; $p<0.10$), and responsibility has a direct and positive effect on budget efficiency

perception ($\beta=0.14$; $p<0.01$). While transparency does not directly affect the perception of budget efficiency, it has an indirect effect through active participation and trust. Transparency affects active participation ($\beta=0.47$; $p<0.01$) and trust ($\beta=0.39$; $p<0.01$) directly and positively. The two other variables affecting active participation directly are responsibility ($\beta=0.18$; $p<0.01$) and trust ($\beta=0.38$; $p<0.01$). 41% of budget efficiency perception variance is explained by active participation, trust, responsibility, and transparency variables. 54% of the variance of active participation is explained by transparency, trust, and responsibility, and finally, 15% of the variance of trust is explained by transparency.

The estimated structural equation modelling allows for examining indirect effects and direct effects. In Figure 2, the standardised coefficients given in the estimated model show direct effects.

The standardised total, direct and indirect effects are shown together in Table 4 below.

Table: 4
Standardised Total, Direct and Indirect Effects

	Direct Effect	Indirect Effect	Total Effect	Hypothesis
On Budget Efficiency Perception				
of Active Participation	.56	-	.56	Supported
of Trust	.11	.22	.33	Supported
of transparency	-.05	.39	.34	Not supported
of Responsibility	.14	.10	.24	Supported
On Active participation				
of Trust	.38	-	.38	Supported
of Transparency	.47	.15	.62	Supported
of Responsibility	.18	-	.18	Supported
On Trust				
of Transparency	.39	-	.39	Supported

The direct effect of active participation on budget efficiency perception occurred as 0.56. The direct effect of trust and its indirect effect via active participation on budget efficiency perception were found as 0.11 and 0.22, respectively. While the direct effect of transparency on the perception of budget efficiency was found insignificant, its indirect effect via active participation was obtained as 0.39. The direct effect of responsibility on budget efficiency perception occurred as 0.14, while its indirect effect via active participation appeared as 0.10. The direct effect of transparency on active participation was found as 0.47, while its indirect effect through the trust was found as 0.15.

When the direct and indirect effects are examined, it is seen that active participation and trust directly affect the perception of budget efficiency and play a significant role as mediating variables.

5. Conclusion

The present study aimed to examine the participation relationships between municipalities and NGOs in the planning and budgeting processes in local governments in Türkiye and the factors affecting them through structural equation modelling.

In the estimated model, all the paths except for the one between transparency and budget efficiency perception were found as statistically significant. The hypothesis that transparency affected the perception of budget efficiency was not supported. While information concerning budget must be shared on the internet or local media in a one-way and timely manner, this method of informing is insufficient since no citizen feedback is obtained (Liao & Zhang, 2012). In other words, more is needed to reach accurate and reliable information alone for active participation in decision-making processes (Ebdon, 2000). Therefore, transparency must be supported with interactive participation mechanisms. The most critical function of transparency in an active participation model is ensuring the effective and efficient use of resources by increasing accountability in public fiscal management and thus enhancing budget efficiency.

As discussed in the literature on local governance, participation brings about several important results, such as determining citizens' needs thoroughly and correctly, using resources efficiently and effectively, ensuring legitimacy and community support for the decisions taken, increasing budget performance, and generating more innovative and creative solutions (Berner et al., 2011; Ebdon & Franklin, 2006). The most significant effect observed in the estimated model is the effect of active participation on the perception of budget efficiency ($\beta=0.56$; $p<0.01$). An increase in active participation positively affects budget efficiency perception, which is an expected outcome. The following powerful effect is made by transparency on active participation ($\beta=0.47$; $p<0.01$).

The coefficient ($\beta=0.39$; $p<0.01$) obtained for the effect of transparency on trust is also significant. An increase in transparency affects trust positively. The effect of trust on active participation ($\beta=0.38$; $p<0.01$) is significant. An increase in trust has a positive effect on active participation. In addition to these effects, some other effects that are statistically significant but lower in effect include the effect of responsibility on active participation ($\beta=0.18$; $p<0.01$), the effect of responsibility on budget efficiency perception ($\beta=0.14$; $p<0.01$), and the effect of trust on budget efficiency perception ($\beta=0.11$; $p<0.10$). Any increase in these concepts increased the other one in a positive direction.

According to the estimated model results, statistically significant results were obtained between the concepts dealt with. These results indicate that particularly active participation plays a key role in the model. When the variables affect budget efficiency perception, the direct effect of active participation can be seen first, while responsibility and trust variables also affect budget efficiency perception. Positive increases in active participation, transparency, and responsibility positively affect budget efficiency perceptions. The concepts of trust, transparency, and responsibility affect active

participation positively. Positive increases in these variables have a positive effect on active participation. Similarly, a positive rise in transparency positively affects trust.

Besides the direct ones, there are also indirect effects that are obtained through the model. In addition to the direct effect of trust on budget efficiency perception, it also indirectly affects this perception through active participation. In other words, increases in trust affect the perception of budget efficiency directly and indirectly via active participation. While the direct effect of transparency on budget efficiency perception was found insignificant, its effect through active participation was significant. In other words, the effect of transparency on budget efficiency perception occurs through active participation.

Similarly, another variable in which active participation plays a mediating role is responsibility. Responsibility positively affects the perception of budget efficiency directly and indirectly via active participation. As one can understand from these results, active participation is a considerably important variable with direct and indirect effects that affect budget efficiency perception. Another mediating variable is trust. Trust holds a mediator position in this relationship. The direct effect of transparency on the perception of budget efficiency is insignificant but indirectly affects active participation.

The results show that active participation affects budget efficiency perception powerfully and positively. Therefore, the importance of active participation must be understood by municipalities and NGOs, and active participation mechanisms and processes pursued should be included among the budget performance indicators of municipalities. In addition, provisions should be included in the municipal legislation to ensure the effective participation of NGOs in the municipal budgeting process. For NGOs to be more active and successful in this regard, they need to have a deeper understanding of the budget preparation, discussion, implementation, and control processes.

As highlighted in the model results, transparency or one-way communication of information and documents with the public does not affect budget efficiency perception. If realised in an active participation model, transparency can only be significant for budget efficiency perception. However, the comprehensibility of budgets requires a certain degree of expertise. Thus, as in the central government budget, municipalities should practice the 'citizen budget' model at the local level. It is necessary for a democratic and participatory municipal administrative perspective that local stakeholders have a voice in decision-making and budgeting processes, an active participation relationship is built with municipal officials (elected or appointed), municipalities take responsibility for transparency and accountability liabilities, and NGOs for calls to account and follow-ups in the implementation processes of the decisions made. Materials should be developed to enhance NGOs' budget literacy.

Besides all these, there are certain structural barriers to the active participation model. These barriers include the need for citizen interest and the opinion that citizen contribution would make no change. To increase citizens' interest in participation, municipalities should organise activities and develop materials jointly with NGOs such as city councils,

associations, foundations, professional chambers, and educational institutions. Another barrier to the active participation model is that local institutions have poor participation skills, participation mechanisms are insufficient, and participation processes are not designed in an understanding agreed upon by public officials and NGOs as the beginnings of decision-making processes. In this regard, active participation offices should be opened in municipalities, and they should work to build active relationships with NGOs in each decision-making stage. Decision-making processes should be designed to set the agenda, policy drafting, decision, implementation, follow-up, and policy reformulation, and dialogue and partnership should be established in each stage.

The results obtained from the present study contribute to the field by revealing the importance of holistically evaluating all the above-mentioned critical concepts. Relations that seemed complex have been clarified with a single model through a comprehensive evaluation of these variables, which are expected to have bilateral relations. These relations could be re-confirmed by testing the model with different samples. In addition, adding new concepts to the model as variables allows new effects to be tested, and the importance of other variables can be examined.

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