

GOOD GOVERNANCE AND LOCAL STRATEGIC PLANNING IN THE POLLOG REGION: EMPIRICAL ASSESSMENT FROM THE PERSPECTIVE OF THE COMMUNITY AND LOCAL ADMINISTRATION IN NORTH MACEDONIA

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Abstract: The strategic management process in local government units constitutes a complex mechanism that includes the development, implementation, monitoring and adaptation of the organizational strategy to continuous institutional and social changes. The main responsibility for carrying out activities in this area lies with local authorities, which have the obligation to ensure the involvement of as many local government representatives as possible in the planning and decision-making processes. Contemporary, effective and accountable governance is identified today with the parameters of good governance, which include a high level of transparency and inclusion, followed by accountability and efficiency in the use of public resources. So, in this right lies the basic goal of this research in the analysis of strategic planning for good governance, through the assessment of the attitudes of relevant entities, residents and municipal administration on local economic development and the way they perceive the implementation of good governance standards. The study also aims to identify the determinants and ways that influence the implementation of effective strategic planning, including participation, forms of communication, budget implementation, as well as the existence of long-term financial and investment plans in the Polog region of the Republic of North Macedonia, specifically in the municipalities of Gostivar, Vrapčisht, Bogovinje and Tetovo. For this purpose, a total of 434 relevant subjects were surveyed, of which 334 residents and 100 municipal administrators, in the urban and rural municipalities of Polog. The survey was conducted through a combined questionnaire, with closed questions (based on the Likert scale) and open questions, assessing indicators of good governance and effective strategic planning in these municipalities. The results show that local governance in the municipalities of Polog still remains far from European standards of good governance. Strategic planning continues to be implemented mainly through vertical hierarchical structures, based on administrative rules, rather than on cooperative principles or development agreements. In this context, bureaucracy and institutional subordination dominate over partnership, social understanding and the real needs of the community. Furthermore, in the analyzed municipalities, a low level of transparency, insufficient implementation of municipal budgets, lack of long-term financial plans and investment strategies are observed, which directly affects the lack of institutional efficiency.

Keywords: Good governance, Strategic planning, Institutional communication, Municipal budget, Local development

1. INTRODUCTION

Relevant literature and researches on local economic development (Galaway & Hudson, 1994; Ray, 2006; Szumowski, 2017; Kruzmetra et al., 2018; Nuno F. da Cruz et al., 2019) suggests that community growth stems from effective internal organization. This perspective argues that when various local stakeholders—including government officials, business owners, and citizens—collaborate, they foster an ecosystem that supports innovation, entrepreneurship, and sustainable progress. Effective local economic development (LED) relies on a specific set of core values, including leadership, vision, cooperation, and mutual trust, which create the necessary synergy for growth. According to Zaitul, Ilona, & Novianti (2023), these characteristics serve as the foundation for the primary tools used to manage regional progress, like Social Equity & Empowerment, Governance & Strategy, Operational Excellence and Ethical Oversight. Propelling local development is a multifaceted task shaped by diverse regional actors and external forces. While the local government acts as the primary catalyst for growth, it must honor its role as a community representative by ensuring citizens help define the vision and objectives. This principle that a community has a fundamental right to voice its needs is a cornerstone of the sustainable development framework. Sustainable development is fundamentally dependent on several key factors like active public participation, ensuring stakeholders can influence both the creation and execution of policies, and the strategic integration of public and private resources. Furthermore, the ability to leverage a community's collective knowledge and expertise is essential for driving societal progress and achieving long-term sustainability. Sustainable growth depends on mechanisms that prioritize stakeholder engagement in both the design and execution of development strategies, fostered through partnerships between local, social, and external entities. Research indicates that when firms perceive higher levels of transparency, they are more likely to adhere to legal regulations. Specifically, when regional officials actively invite businesses to provide feedback on local policies, it significantly strengthens their overall compliance with the law

(Berkel, Estmann, & Rand, 2022). In this context, the concept of Good Governance takes place, which is the most effective governance mechanism that deals with in the context of relations between government and non-government stakeholders such as business and civil society. To achieve high-quality public administration, a nation must integrate the core tenets of transparency, involvement, efficiency, and accountability. These principles do not function in isolation; rather, they must work in synergy to ensure effective governance. Today, establishing such a framework has become a critical priority for governments at both the national and local levels. Research indicates that while the expertise and dedication of local officials directly improve accountability, these factors do not necessarily enhance transparency. Similarly, while being transparent is a key driver of public trust, simply being accountable does not automatically result in a more trusting community (Sofyani, Pratolo & Saleh, 2022). Strategic planning is central to this process, encompassing both the design of a long-term vision and the specific actions needed to execute it effectively. A local development strategy establishes a roadmap for future action; local leaders follow this path by continuously assessing current conditions, selecting targeted growth paths, and ensuring the public is actively involved in every stage from planning to implementation (Wiatrak, 2012). Solving complex governance and policy challenges typically necessitates institutional frameworks that empower individuals and organizations to collaborate effectively. However, these rules only succeed if they are thoughtfully designed, clearly understood, and practically applied. Many enduring urban issues persist because governance fails to scale its regulations to the actual problem or fails to include affected stakeholders in the decision-making process. Furthermore, progress is often stalled by the absence of efficient conflict resolution systems and the lack of robust mechanisms to hold policymakers accountable for their actions (Tang, 2021). As government bodies at all levels strive to align their decision-making and programming with "good governance" standards, there is an increasing demand for systematic performance evaluation methods. While the concept of "good governance" is widely recognized, its defining principles remain diverse and vary significantly across different academic and policy literatures (Pomeranz & Stedman, 2020). Since few studies have established a systematic way to evaluate program success based on these values, this research introduces a measurement scale centered on eight pillars of good governance: inclusion, fairness, transparency, accountability, legitimacy, leadership, performance, and capability. Through a pilot study of two community-led management programs, the findings indicate that these theoretical principles may overlap or blend together rather than functioning as distinct categories in practical, real-world applications. So, based on this introductory concept for a proper local development, the research in question aims to assess, through the assessment of the attitudes of relevant subjects (their perceptions) for local economic development (residents and municipal administration), the governance model (to what extent the standards of good governance are implemented) as well as the ways and determinants for efficient strategic planning (participants, method and type of communication, actions, budget implementation, long-term financial and investment plans) in the Polog region of the Republic of North Macedonia.

2. MATERIALS AND METHODS

Therefore, the basic purpose of the research is to assess the attitudes of relevant subjects (their perceptions) for local economic development (residents and municipal administration) to assess the governance model (to what extent and level are the parameters and standards of good governance being implemented) as well as the methods and determinants for efficient strategic planning (participants, method and type of communication, actions, budget implementation, long-term financial and investment plans) in the Polog region of the Republic of North Macedonia. For this objective, 434 relevant subjects (334 residents and 100 municipal administrators) were surveyed in the urban and rural municipalities of the Polog (Gostivare, Vrapčishte, Bogovinje and Tetovo), where a questionnaire of the combined type with closed questions via the Likert scale and open questions was used in the survey, which assess indicators for good governance and strategic planning in this municipality. Then, with percentage frequencies, percentages were extracted for each indicator for the governance model (how much the standards of Good Governance are implemented) as well as the ways and determinants for efficient strategic planning (participants, method and type of communication, actions, budget implementation, long-term financial and investment plans) and then with conclusive Pearson correlation statistics, potential connections between external and internal factors that affect good governance were extracted (who are the determinants of strategic planning and its implementation according to the surveyed subjects).

3. RESULTS

The first set of questions or indicators that were posed to the relevant subjects were those of assessing the nature of the municipal governance model or simply the implementation of the parameters and standards of good municipal governance highlighted above in the literature section. After collecting and processing data on the governance

model, Table 1 presents the specification or pillars of governance, then our results and comparisons with European standards of good governance, in other words where we are and where we should be:

Table 1. Local governance model according to the standards of "good governance", according to the statements of citizens and local administrators in the western region of North Macedonia (Municipalities of Gostivar, Vrapčisht, Bogovinje and Tetovo)

Purpose specification	The result in the municipalities of Polog	The standard for "good governance"
Management	Hierarchical - 91.2%	Management Network
Legal basis	Administrative law - 90%	Conventions
Managerial style	Bureaucratic - 78%	Partnership and Consulting
Nature of relationships	Domination and subordination - 55.4% and Competition and cooperation - 24%	Equality and Interdependence
Purpose of activities	Call for change - 91%	Social Understanding
Target actions	Procedures and effects - 89.5%	Needs
System organization	Autonomous system – 78%	Civil Society

Source: Data from the survey of 434 relevant subjects (334 residents and 100 municipal administrators) in the urban and rural municipalities of Polog (Gostivare, Vrapčisht, Bogovinje and Tetovo), study "Good governance and local strategic planning in the Pollog region: empirical assessment from the perspective of the community and local administration in North Macedonia", Imërlije Saliu-Fetai, March, 2025

The results show that governance in the municipalities of the province is still far from European standards of good governance, where strategic planning in our municipalities is still carried out in a vertical - hierarchical system, based mainly on administrative law and not on conventions or agreements where bureaucracy and subordination dominate, not partnership, social understanding and the needs of the time. Then, as we emphasized above, the second group of questions that assessed who are the participants in strategic planning in their municipality, the surveyed subjects declared the following percentages in Table 2:

Table 2. Percentage of participation of entities participating in strategic planning for local development in the municipalities of the Pollog

Mayor	87%
Municipal councilors	95%
National experts from various institutions (agencies and foundations)	29%
Experts from private consulting companies	28%
External experts	1.5%
Local businessmen and entrepreneurs	55%
Local leaders and managers	88,5%
Local non-governmental organizations	82.5%
Residents	56.5%
Local educational institutions	50.1%
Local financial and banking institutions	39.4%
Representatives of universities	2.6%

Source: Data from the survey of 434 relevant subjects (334 residents and 100 municipal administrators) in the urban and rural municipalities of Polog (Gostivare, Vrapčisht, Bogovinje and Tetovo), study "Good governance and local strategic planning in the Pollog region: empirical assessment from the perspective of the community and local administration in North Macedonia", Imërlije Saliu-Fetai, March, 2025

So, the respondents declare that the mayor of the municipality in 87% of cases participates in strategic planning, if we compare this percentage of the respondents' attitudes on the role of the mayor of the municipalities of the province with the percentages of the statements of the European municipalities (according to Euro Cities - Monitor, 2024) we will see a significant discrepancy in favor of the European mayors where their participation in strategic planning is over 98%. Significant differences also appear in the participation of local entrepreneurs in the strategic

planning of the municipalities of the province with 55% compared to the participation of entrepreneurs of the European municipalities with over 85% participation as well as a significant difference in the participation of residents of the municipalities of the province with 56.5% compared to residents of the European municipalities with over 84%. Other indicators do not have significant differences. On the other hand, in the group of questions about what activities and ways communication is carried out for planning municipal development strategies during good governance, Table 3 presents the percentages.:

Table 3. Percentage of activities and communication methods related to strategic planning for local development in the municipalities of the Pollog

Information on the start of strategy preparation	67%
Information for the public about what is being done and what is planned	52.5%
Public information about implementation	91%
Collection of information on public demands and perspectives	45.3%
Collection of as much information as possible on residents' choices and problems	33.9%
Informing about the implementation process	22.3%
Informing about the completion	76%
Informing about the evaluation	13.7%
Obtaining feedback from residents and relevant local entities	29.6%

Source: Data from the survey of 434 relevant subjects (334 residents and 100 municipal administrators) in the urban and rural municipalities of Polog (Gostivare, Vrapçisht, Bogovinë and Tetovo), study "Good governance and local strategic planning in the Pollog region: empirical assessment from the perspective of the community and local administration in North Macedonia", Imërlije Saliu-Fetai, March, 2025

In this context, it is worth emphasizing that the method of communication and its frequency, or in other words, the percentage of transparency indicators in European municipalities, move above 90%, unlike the percentages in the municipalities of the Pologo, therefore, there is a very significant discrepancy in the transparency and communication of strategic planning in the municipalities of the Pologo with those of European municipalities. Then, the indicators or questions that assessed which actions the municipal government uses for strategic planning (social and technical actions), in Table 4 the percentages for these indicators are presented:

Table 4. Percentage actions to intervene in the effective improvement of the strategy as a management mechanism in good governance

Holding meetings of relevant entities for the implementation of the strategy	66%
Monitoring the implementation of strategies and predefined tasks	86%
Updating the program in the implementation conditions	45.6%
Annual meetings of relevant entities for the implementation of the strategy	29.5%
Development of sectoral plans and strategies, specific areas and tactical plans	13%
Use of indicators to measure the objectives approved for implementation	2.4%

Source: Data from the survey of 434 relevant subjects (334 residents and 100 municipal administrators) in the urban and rural municipalities of Polog (Gostivare, Vrapçisht, Bogovinë and Tetovo), study "Good governance and local strategic planning in the Pollog region: empirical assessment from the perspective of the community and local administration in North Macedonia", Imërlije Saliu-Fetai, March, 2025

We have an approximation of the percentages with the European ones in the second indicator for monitoring and implementation with over 85% in both the European and the Polog municipalities, but in all other indicators there are significant differences in favor of the European municipalities. So, even in the actions foreseen for strategic planning, the Polog municipalities are still far from European standards. Another objective indicator that shows the real situation of these percentages above is the statements of the respondents on the implementation or realization of the municipal budget, long-term financial plans and investment planning, the percentages reflected in Table 6:

Table 6. Budget implementation, long-term financial and investment plans according to statements of citizens and local administrators in the western region of North Macedonia (Municipalities of Gostivar, Vrapčisht, Bogovinje and Tetovo)

budget implementation for the projected task	35%
long-term financial plan	13%
long-term investment plan	25.6%

Source: Data from the survey of 434 relevant subjects (334 residents and 100 municipal administrators) in the urban and rural municipalities of Polog (Gostivare, Vrapčisht, Bogovinje and Tetovo), study "Good governance and local strategic planning in the Pollog region: empirical assessment from the perspective of the community and local administration in North Macedonia", Imërlije Saliu-Fetai, March, 2025

So, according to the respondents, the result is poor or low implementation and implementation of municipal budgets in the municipality, a long-term financial plan that almost does not exist at all and no long-term investment plans. A situation that is far from an expectation of good governance. The group of questions that highlighted which factors are determinants for good governance with strategic development planning, through conclusive correlation statistics, in Table 7, the potential connections of good governance (as perceived by the respondents) and internal and external factors that influence strategic development planning are presented:

Table 7. The relationship of good governance with external and internal factors during the strategic planning process in the municipalities of Polog

		Good governance (GG)
External Factors (EF)	Pearson Correlation	(,248)
	Sig. (2-tailed)	,009
	N	434
Internal Factors (IF)	Pearson Correlation	(,784)**
	Sig. (2-tailed)	,001
	N	434
Strategic Management Process (SMP)	Pearson Correlation	(,537)
	Sig. (2-tailed)	,001
	N	434

Source: Data from the survey of 434 relevant subjects (334 residents and 100 municipal administrators) in the urban and rural municipalities of Polog (Gostivare, Vrapčisht, Bogovinje and Tetovo), study "Good governance and local strategic planning in the Pollog region: empirical assessment from the perspective of the community and local administration in North Macedonia", Imërlije Saliu-Fetai, March, 2025

Therefore, a high positive correlation is presented between good governance and internal factors (social, administrative, technical and organizational factors within municipalities) with $R=.784$ ($p<0.01$), in other words, a proper strategic development planning is in positive correlation with internal municipal factors and less with external ones $R=.248$ ($p<0.01$). As well as a proper strategic management process is in significant correlation with good governance $R=.537$ ($p<0.01$), which good governance is still far from the municipalities of the poll according to the above findings.

4. DISCUSSIONS

The above results show that in the field of good governance and strategic planning in the municipalities of Polog, it is still far from European standards of good governance, where strategic planning is still carried out in the vertical - hierarchical system, based mainly on administrative law and not on conventions or agreements where bureaucracy and subordination dominate, not partnership, social understanding and the needs of the time. However, organizational commitment and accountability are not related to transparency, but accountability is not. These

results are in line with the conclusions of Sofyani, Pratolo & Saleh (2022). The above finding of a high positive correlation $R=.784$ ($p<0.01$), that is, a proper strategic development planning is positively correlated with internal municipal factors and less with external ones $R=.248$ ($p<0.01$), we can emphasize that research such as Tang (2021) found that there is an almost equal correlation between good governance with internal as well as external factors and that other main key obstacles include the absence of a supportive structure for settling disputes and a shortage of effective systems to ensure those who design and execute policies are held liable for their results.. Also, the above finding that a sound strategic management process is significantly correlated with good governance $R=.537$ ($p<0.01$) in this research, are also the findings of Pomeranz and Stedman (2020) where they emphasized that 'Good Governance' is characterized as the inclusion of a wide range of principles, namely sound strategic management, which vary across literature.

5. CONCLUSIONS

The above conclusions from the statements of the surveyed subjects on the current situation of the municipalities of Polog in the segment of good governance and strategic planning show that governance in the municipalities of Polog is still far from European standards of good governance, where in our municipalities strategic planning is still done in the vertical - hierarchical system, based mainly on administrative law and not on conventions or agreements where bureaucracy and subordination dominate and not partnership and social understanding and the needs of the time. On the other hand, transparency in European municipalities is high, on the contrary in the municipalities of Polog, and results in poor or low realization and implementation of municipal budgets in Polog, a long-term financial plan almost does not exist at all and without long-term investment plans. Then, a proper strategic development planning is in positive correlation with internal municipal factors and less with external ones. As well as a proper strategic management process is significantly related to good governance, which good governance is still far from the municipalities of the Polog according to the above findings. So, if for a proper municipal development the standard is good governance then the municipal development of the Polog will stagnate and take time, in other words, there are written and accepted standards of good governance which the municipalities of the Polog must implement and reform in this direction.

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