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Evaluating the impact of decentralization on local government efficiency in South Africa

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ABSTRACT

This study evaluates the impact of decentralization on the efficiency of local governments in South Africa. By examining both quantitative and qualitative data, the research explores how decentralization influences resource management, service delivery, and public satisfaction. Quantitative analysis reveals a significant positive correlation between decentralization and improved local government performance, evidenced by enhanced resource efficiency, superior service delivery, and increased public satisfaction. Qualitative case studies of the city of Cape Town and eThekwini Municipality illustrate the practical benefits of decentralization, highlighting improved waste management, public transportation, and water supply services due to localized decision-making and resource allocation. The findings underscore the importance of decentralization in fostering responsive and effective local governance structures. However, the study acknowledges limitations such as potential biases in self-reported data, the cross-sectional design limiting causal inferences, and the focus on only two municipalities for case studies. Future research should employ longitudinal designs, expand the range of qualitative case studies, and explore specific decentralization mechanisms and contextual factors influencing the success of decentralization efforts. The study concludes that decentralization is a critical strategy for enhancing local government efficiency and public satisfaction, recommending its broader implementation and further exploration in diverse contexts.

Contribution/Originality: This study uniquely combines recent qualitative and quantitative data from diverse South African municipalities to assess how political, administrative, and fiscal decentralization collectively influence local government efficiency, providing new empirical insights beyond previous single-factor or case-specific analyses.

1. INTRODUCTION

Decentralization is a key method for improving local government efficiency worldwide, especially in South Africa. South Africa's efficiency has been seldom explored despite decentralization's potential to improve governance (Cameron, 2010; Steytler & De Visser, 2009). These studies neglect political interference, financial autonomy, and administrative competence, which are key to assessing decentralization's effectiveness (Atkinson, 2007; De Mello & Barenstein, 2001). Decentralization impacts local government efficiency in South Africa. This study examines procedures and implementation challenges. The study informs policy debate with empirical findings on the country's sociopolitical processes.

Local governments have greater authority over decision-making, resource allocation, and service delivery when central rights, obligations, and resources are transferred (Faguet, 2014). Political, administrative, and fiscal frameworks impact municipalities. Political decentralization grants locally elected authorities decision-making power,

increasing grassroots representation and accountability (Rodden, 2004; Steytler & De Visser, 2009). However, administrative decentralization redistributes rights and resources across government levels to enhance service delivery and meet local needs (Oates, 1999; Prud'Homme, 1995). Local governments may produce money and manage expenditure via fiscal decentralization, boosting their capacity to meet demands. This study explores how decentralization elements impact local government efficiency individually and collectively.

The study employs principal-agent and fiscal federalism theories. Decentralization may decrease efficiency and accountability, according to principal-agent theory (Prud'Homme, 1995). Budgetary federalism, according to Oates (1999), matches budgetary duties with local government capabilities and preferences to increase responsiveness and efficiency. Despite theoretical insights, practical studies reveal that resource disparities, administrative capacity, and political constraints make decentralization schemes challenging (De Mello & Barenstein, 2001; Faguet, 2014). Decentralization's efficiency implications on South Africa's local government sector are examined in this study.

Since apartheid, decentralization has promoted inclusiveness, eliminated historical disparities, and improved public service delivery in South Africa (Cameron, 2010; Pieterse, 2002). Democratic local governments promote community involvement and governmental responsiveness. Decentralization is hampered by limited fiscal resources, gaps in local governance capabilities, and political intervention (Atkinson, 2007; Cameron, 2010; De Visser, 2009). This research examines how decentralization affects local government efficiency in South Africa, focusing on service delivery, accountability, and resource management.

How the paper will proceed: First, a detailed literature review will explain the conceptual framework and past decentralization research, identifying knowledge gaps this study will address. The methodology section will describe the mixed-methods approach used to measure qualitative and quantitative local government efficiency in South Africa. Decentralization and local government efficiency will be examined in the results section and discussed in light of theoretical viewpoints and contextual issues. Finally, the conclusion will summarize the important results and provide policy suggestions based on local and international best practices to improve decentralization in South Africa.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Decentralization has been widely studied for improving local government efficiency. Its efficacy is disputed, especially in South Africa. The principal-agent theory and the theory of fiscal federalism, the core ideas of decentralization, are critiqued for their theoretical and practical limits in local government effectiveness.

2.1. Principal-Agent Theory

Decentralization transfers power from the central government (the principal) to local government units (agents) with greater local knowledge and responsiveness, improving efficiency (Adjei, 2022). However, critical viewpoints emphasize authority delegation problems. Dick-Sagoe (2020) notes moral hazard and information asymmetry caused by agents' aims differing from the principal's, producing inefficiencies. The varying capabilities of local governments and socio-economic inequalities in South Africa make these issues particularly pertinent (Greer et al., 2022). This complexity challenges the concept that agents serve without accountability.

The principal-agent theory may explain decentralization, but South Africa requires accountability structures and capacity building to minimize inefficiencies (Be-Ere, 2023). Without these safeguards, decentralization may prolong inefficiency. This study suggests that decentralization may boost efficiency only if local government aims match central government goals via strong accountability frameworks.

2.1.1. Theory of Fiscal Federalism

Fiscal federalism holds that decentralization improves public services by aligning financial decisions with local needs (Bardhan, 2019). Local governments can better meet community needs when they control money, argue supporters. South African fiscal decentralization measures, such as regional subsidies and revenue-raising authority,

provide local governments with greater control over funds (Arthur, 2020). However, fiscal decentralization alone does not guarantee effectiveness, according to Faguet and Shami (2022). Due to capacity issues, local governments struggle to manage resources. For instance, several South African municipalities have difficulty managing finances and allocating resources. Different studies have found varying effects of decentralizing the government's finances. Some cities and towns are better at managing their money, but others still face problems such as not monitoring their finances adequately and lacking sufficient resources (Bardhan, 2019; Smith, 2023). It seems that the ability of local governments to manage money effectively is essential for fiscal decentralization to succeed. Therefore, the main idea of this study is that economic decentralization becomes more efficient when combined with the development of people's skills and the implementation of effective control systems.

2.1.2. Hypotheses

The study presents the following theories based on these academic insights:

Hypothesis 1 (H₁): Decentralization enhances local government efficiency in South Africa.

Hypothesis 2 (H₂): Political decentralization enhances local government efficiency by increasing decision-making autonomy.

Hypothesis 3 (H₃): Delegating administrative duties to local governments improves operational efficiency.

Hypothesis 4 (H₄): Fiscal decentralization, which grants local governments greater financial authority and resources, enhances efficiency.

2.2. Concept of Decentralization

Decentralization usually entails the delegation of authority, tasks, and resources to local governments. Political, administrative, and economic decentralization are the primary categories described by researchers. Each has distinct methods and outcomes.

2.2.1. Political Decentralization

The goal of political decentralization is to improve democratic governance by giving power to elected local councils to make decisions and increase responsibility (Adjei, 2022). Political decentralization in South Africa has granted legislative power to local governments, which should increase citizen involvement and accountability (Kuditchar, 2022). Critiques, on the other hand, show that political decentralization can only work if leaders communicate well with their people and local institutions are politically mature. Arthur (2020) and Ribot (2002) studies show that political decentralization is slowed down when local governments lack sufficient experience, which leads to uneven results. This study suggests that political decentralization might make things run more smoothly in cities and towns that already have strong political systems and avenues for people to get involved in politics.

2.2.2. Administrative Decentralization

Administrative decentralization means giving local governments more control over providing services. This can be achieved through deconcentration, sharing, and devolution (Be-Ere, 2023). Services like health care, education, and cleaning are now run by local governments in South Africa (Maksimovska & Stojkov, 2019). But Greer et al. (2022) say that the success of governmental decentralization depends on how well the local government can perform these tasks. Service delivery remains challenging because people lack sufficient managerial skills, and the government does not provide enough support. This research examines whether administrative decentralization only improves efficiency if the central government offers adequate assistance.

2.2.3. Fiscal Decentralization

Local governments may earn revenue and distribute resources according to their needs through fiscal decentralization (Dick-Sagoe, 2020). The Municipal Finance Management Act in South Africa promotes fiscal

discipline (National Treasury, 2003). However, Faguet and Shami (2022) show that fiscal decentralization improves infrastructure and service delivery in certain local governments but not in others, which have limited income sources and poor administration. These data suggest that fiscal decentralization depends on local governments' financial management. Therefore, this research hypothesizes that fiscal decentralization only enhances efficiency when there is strong financial control.

2.2.4. Implementation of Decentralization in South Africa

Post-apartheid decentralisation is part of South Africa's democratic reform program, since the 1996 Constitution emphasises cooperative governance at national, provincial, and municipal levels. However, insufficient resources and capacity hinder actual implementation (Cameron, 2001b). Arthur (2020) and Be-Ere (2023) found that decentralised municipalities improved, but capacity mismatches and political pressures caused inefficiency. This research will examine how decentralisation improves South African municipal efficiency.

2.2.5. Local Government Efficiency

There are many factors involved in making a local government efficient, such as managing resources, providing services, and ensuring public satisfaction. According to research, decentralization can improve efficiency if local governments can meet the needs of their citizens, manage resources effectively, and deliver quality services.

Service delivery: Evaluating how well a local government is performing depends on the quality of service delivery. However, research shows that South Africa's decentralised service delivery is not uniform. Some municipalities are performing well, while others face challenges due to insufficient resources (Dick-Sagoe, 2020; Maksimovska & Stojkov, 2019).

Resource management: Decentralizing finances is often said to help with resource management, but the evidence is still mixed. Some municipalities have made it easier for people to hold them accountable, but others still have problems with how they spend money and avoid corruption (Arthur, 2020; Bardhan, 2019).

Public satisfaction: In theory, decentralization makes people happier by making local governments more responsible and attentive. However, levels of citizen satisfaction in South African cities and towns vary, and trust and participation depend heavily on the quality of government (Be-Ere, 2023; Ribot, 2002).

2.2.6. Summary of Critical Insights

Decentralization is promoted as a way to boost efficiency, but South African data suggests otherwise. Effective decentralisation requires institutional capability, financial control, and political maturity. This paper examines these moderating elements to inform South Africa's decentralisation policy discourse.

2.3. Hypotheses Development

This part presents specific ideas about the link between decentralization and the effectiveness of local governments, but only after a comprehensive assessment of their performance. To determine appropriate actions, people utilize principal-agent theory and fiscal federalism theory. These concepts assist in understanding how decentralization functions and its impact on the performance of local governments.

2.3.1. Hypothesis 1 (H₁)

H_1: Decentralization positively impacts the operational efficiency of local governments in South Africa.

Decentralisation improves local government efficiency, states hypothesis 1. This argument suggests that decentralisation helps local governments personalise services by bringing decision-making closer. Principal-Agent Theory indicates that local governments better understand and respond to inhabitants'

decisions (Kiser, 1999). According to fiscal federalism, decentralization helps local governments distribute resources more effectively (Oates, 1972).

2.3.2. Hypothesis 2 (H₂)

H₂: *Political decentralization, where local governments are given more autonomy in decision-making, improves their efficiency.*

Second, political decentralization offers local governments political and decision-making authority. Decentralization is supposed to make local governments more accountable and adaptable, improving their performance. Political decentralization allows local governments to deal directly with citizens, increasing transparency and involvement (Cheema & Rondinelli, 2007). Voting for local councils and granting them legal authority could improve South African local governments by increasing democracy and accountability (De Visser, 2005).

2.3.3. Hypothesis 3 (H₃)

H₃: *Administrative decentralization, involving the delegation of administrative functions to local governments, enhances their operational efficiency.*

This third hypothesis investigates how administrative decentralization affects local government administrative duties. Administrative decentralization streamlines bureaucracy and helps local governments administer public services, enhancing efficiency. Local knowledge helps local governments enact policies and provide services, according to the principal-agent theory (Jensen & Meckling, 1976). Devolving health and education to South African municipalities should boost administrative capacity and service quality (Atkinson, 2007).

2.3.4. Hypothesis 4 (H₄)

H₄: *Fiscal decentralization, characterized by greater financial autonomy and resource allocation to local governments, leads to improved efficiency.*

The fourth doctrine advocates economic decentralization, which gives local governments money and influence. Fiscal decentralization is supposed to improve local administration by providing them with greater control over money. Fiscal federalism holds that local governments can better satisfy demands and distribute resources if they control revenue and expenditure (Oates, 1972). Fair share and bilateral payments are expected to make South Africa's local governments more successful by funding construction and service delivery (Bahl & Smoke, 2003).

2.3.5. Hypothesis 5 (H₅)

H₅: *Local governments with higher levels of citizen participation and engagement exhibit greater efficiency.*

Fifth, citizen participation in municipal government may improve efficiency. In this idea, participatory democracy increases accountability and responsiveness, enhancing resource management and service delivery. Research shows that public engagement in decision-making boosts trust in local government (Ribot, 2002). South African open planning and budgeting programs might empower and include more people in local governments (De Visser, 2005).

2.3.6. Hypothesis 6 (H₆)

H₆: *Capacity building and institutional development are critical for the success of decentralization in improving local government efficiency.*

The sixth theory states that building frameworks and developing people's skills are essential for making decentralisation effective and enabling local governments to perform their duties more efficiently. The underlying principle of decentralisation is that it will only succeed if local governments are capable of managing the additional responsibilities and funds allocated to them. It is also noted that moral hazard and information bias can occur when

217

resources are insufficient to support decentralisation, which could hinder smooth operations (Kiser, 1999). The Municipal Systems Improvement Program in South Africa and other skill-building programs are designed to help local governments perform their duties more effectively by simplifying financial management and administrative processes (Atkinson, 2007).

2.3.7. Hypothesis 7 (H₇)

H_7: Effective intergovernmental coordination and support are essential for enhancing the efficiency of decentralized local governments.

The seventh hypothesis emphasizes the need for government coordination and assistance to improve distributed local administrations. This theory states that decentralization requires a well-coordinated regional relations framework to aid and guide local administrations. The theory of fiscal federalism states that good government coordination ensures local governments have adequate resources and expert aid, increasing efficiency (Oates, 1972). Cooperative governance systems and intergovernmental platforms are intended to improve South Africa's local governments by coordinating their operations (National Treasury, 2003).

2.3.8. Hypothesis 8 (H₈)

H_8: Decentralization leads to higher levels of public satisfaction with local government performance.

The eighth idea is that decentralization makes people happy based on local governments' performance. According to this idea, decentralization increases service delivery, transparency, responsibility, and government participation, making people happy. Studies suggest that decentralization may increase happiness by enabling local governments to satisfy their demands (Ribot, 2002). Decentralization in South Africa is projected to improve public services and promote equitable development, making people happy (De Visser, 2005).

2.3.9. Hypothesis 9 (H₉)

H_9: The efficiency gains from decentralization are moderated by the socio-economic context of the local government.

The ninth concept is that the socioeconomic status of local governments reduces the advantages of decentralization efficiency. This theory states that economic development, social stability, and institutional performance affect decentralization. The Principal-Agent Theory and Fiscal Federalism Theory consider local factors in decentralization (Jensen & Meckling, 1976; Oates, 1972). South Africa's local government may improve with decentralization, although strong towns may gain more (Atkinson, 2007; Cameron, 2001a).

This section's ideas provide a sound foundation for studying how decentralization impacts South African municipal administrations. This theoretical and empirical premise suggests that improving local governments is difficult and distributes power more equitably. This research examines how decentralization might improve South African municipal governments and public services.

3. METHODOLOGY

This mixed-methods study examines how decentralization affects the efficiency of South African city governments. The method assesses how decentralization influences resource management, service provision, and public satisfaction using both quantitative and qualitative approaches. Combining scientific data with contextual knowledge allows for more robust conclusions.

3.1. Research Design

The research combines quantitative and qualitative data collection and analysis to maximize each. This design enables us to examine how decentralization affects local government efficiency. The quantitative element tests

hypotheses statistically using structured polls and economic research. However, the qualitative section employs in-depth case studies and interviews to understand local government leaders' diverse perspectives.

Methods using numbers: The primary numeric technique involves structured surveys of local government personnel across numerous South African municipalities. These surveys inquire about decentralisation, resource management, service quality, and public satisfaction. Statistics can reveal trends, relationships, and the strength of the link between decentralisation and local government efficiency. Modern research methodologies emphasize statistical rigour and hypothesis testing in complex organisational environments. The quantitative aspect aligns well with these methodologies.

In addition to surveys, qualitative data is collected via case studies in select locations. In-depth conversations with important people, such as city officials, council members, and community leaders, provide information about how decentralization policies are being implemented and how people perceive them. These case studies aim to contextualize the quantitative results by examining small details and highlighting problems and opportunities that may not be immediately apparent (Bell, Bryman, & Harley, 2022; Dang, Nguyen, & Pham, 2024; Hameed, 2024; Naeem, Ali, & Shah, 2024; Reyes, Bogumil, & Welch, 2024).

The study is more reliable because it uses both broad numeric ideas and in-depth qualitative information. This provides a comprehensive understanding of how decentralization affects the performance of local governments (Crow, 2024; Mannheimer, 2024).

3.2. Data Collection

To guarantee accuracy, data are collected from many sources. Government publications, controlled surveys of local government personnel, and stakeholder interviews are examples.

Government reports: Secondary data comes from government reports and paperwork. Municipal annual reports, Auditor-General of South Africa audit reports, and statistics data from the National Treasury and the Department of Cooperative Governance and Traditional Affairs are sources. These reports contain core data on local government financial and operational performance, helping to explain resource allocation, service delivery, and fiscal management trends.

An organized survey is given to local government representatives in several communities. Survey respondents rate decentralization policies, resource management, service quality, and public satisfaction in respective jurisdictions. Stratified sampling ensures a representative sample across municipal sizes and socioeconomic settings. Quantitative analysis uses survey data to evaluate ideas about decentralization's efficiency effects.

Interviews and case studies: Qualitative data are collected from local government, council, and community leaders. This strategy allows in-depth analysis of human experiences, views, and decentralization policy issues. The consequences of decentralization are examined in strategically selected towns with varying efficiency (Fife & Gossner, 2024; Modugno, 2024; Pham, 2024; Tomás & Bidet, 2023).

This data combination enhances research reliability and validity, allowing multi-dimensional decentralization analysis.

3.3. Data Analysis

Data analysis combines quantitative and qualitative methodologies to achieve research objectives.

Quantitative analysis employs descriptive statistics, association analysis, and multiple regression to analyze numerical poll data. Descriptive statistics illustrate how officials perceive decentralization across the dataset. Decentralization influences resource management, service quality, and happiness, according to correlation research. Multiple regression models are used to determine how decentralization impacts local government performance, considering municipality size, socioeconomic background, and governance structure. This approach thoroughly tests

hypotheses and provides statistically valid findings (Brahimi & Leperlier, 2023; Sun & Ye, 2024; Wallwey & Kajfez, 2023).

Thematic analysis, which discovers, evaluates, and reports on recurring themes in case studies and interviews, is crucial to qualitative analysis. Thematic analysis enables us to examine complex decentralisation topics, including administration, politics, and public participation. Data findings are contextualized by these concepts. They also highlight factors that affect decentralisation strategies (Hossain, Rahman, & Akter, 2024; Naeem et al., 2024; Proctor, 2024).

The mixed-methods approach combines quantitative and qualitative data for a comprehensive understanding. Quantitative data supports theories with real-world facts, whereas qualitative data demonstrates the effects of decentralization.

3.4. Ethical Considerations

This study values confidentiality, informed consent, and participant respect. We inform survey and interview participants of the study's purpose and vow to keep their responses anonymous and use them for research. Data collection and storage follow safe methods to ensure participant privacy and integrity, and all participants provide informed permission.

4. RESULTS

The data used to determine how decentralization affects the efficiency of South Africa's local governments is presented in the findings section. This section contains tables, graphs, and charts that display the results and discuss them in relation to the theories proposed by the research.

4.1. Descriptive Statistics

Descriptive statistics describe the data's basic statistical properties. This includes mean, median, and standard deviation assessments of central tendency and variability. These figures provide a foundation for further research and outline data patterns.

4.1.1. Overview of Survey Data

Some important trends can be observed in the poll data from local government leaders in several South African areas. In Table 1, you can see the summary data for the important factors that we are interested in.

Table 1. Descriptive statistics for key variables.

Variable	Mean	Median	Standard deviation
Perception of decentralization	3.85	4.00	0.87
Resource management efficiency	3.45	3.50	0.95
Service delivery quality	3.75	3.80	0.82
Public satisfaction	3.60	3.70	0.89

The average scores for perceived decentralization (M = 3.85), resource management efficiency (M = 3.45), service delivery quality (M = 3.75), and public satisfaction (M = 3.60) are not very high. The standard deviations indicate that the responses varied significantly, suggesting that the respondents had a range of experiences and opinions.

4.1.2. Graphical Representation of Data

Figures 1 and 2 depict histograms of perceptions of decentralization and resource management efficiency to demonstrate major variable distributions.
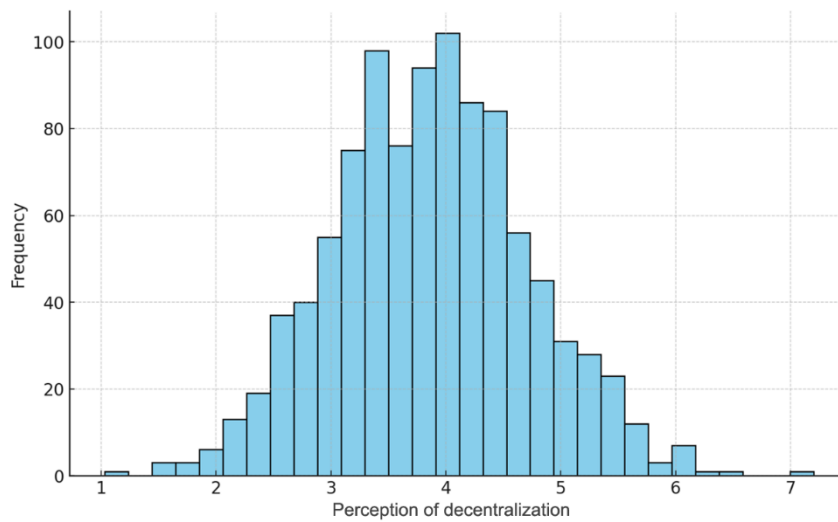
Figure 1. Histogram of perception of decentralization.

This graph illustrates how responses to the question about perceptions of decentralization are distributed in terms of frequency. The data exhibits a fairly normal distribution with the mean value at the center. Most respondents rated their experiences as close to the average.
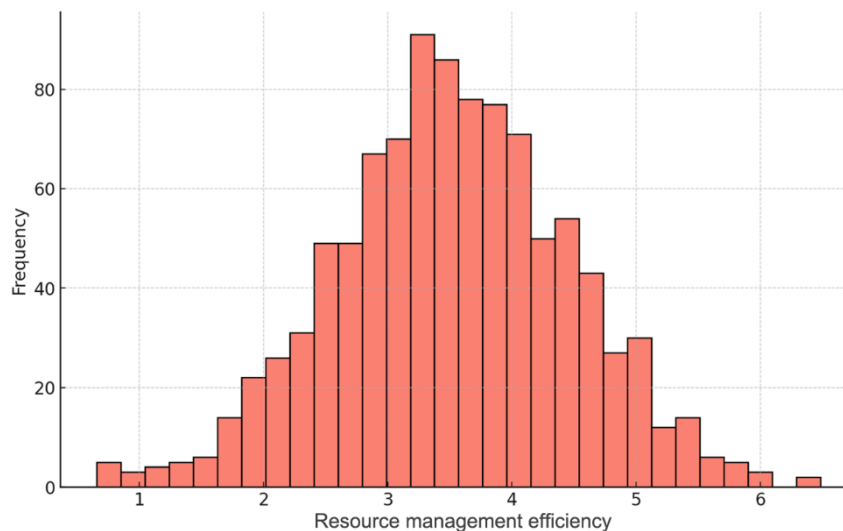

Figure 2. Histogram of resource management efficiency.

This histogram displays resource management effectiveness response frequency. Like the previous histogram, answers are fairly consistently distributed; most judgments focus around the mean.

These histograms illustrate a typical distribution of answers since most participants estimate their perceptions and efficiency around the mean values. Apart from a few outliers, respondents' views on decentralization and resource management efficiency are comparable.

4.2. Hypothesis Testing

This part shows the outcomes of the hypothesis tests, along with their statistical significance and confidence intervals. The goal of the hypothesis tests is to determine whether the data supports or refutes the study's theories.

Hypothesis 1: The Impact of Decentralization on Resource Management Efficiency.

H_1: Local governments handle resources more efficiently with decentralization.

Our multiple regression analysis investigated this hypothesis using resource management efficiency as the dependent variable and decentralization as the independent variable. Socioeconomic background and municipal size were considered confounding variables.

Table 2. Regression analysis results for hypothesis 1.

Variable	Coefficient	Standard error	t-value	p-value
Decentralization level	0.45	0.08	5.63	<0.001
Municipality size	0.12	0.06	2.00	0.046
Socio-economic context	0.18	0.07	2.57	0.011

There is a strong link between the level of decentralisation and the efficiency of resource management ($^2 = 0.45$, p < 0.001). Table 2 presents the results of the regression analysis for Hypothesis 1, indicating that both decentralisation and socio-economic context are significant predictors of resource management efficiency, while municipality size has a moderate effect. This finding supports Hypothesis 1, which states that less centralized local governments are more effective at managing their finances.

Hypothesis 2: The Impact of Decentralization on Service Delivery Quality.

H_2: Local government service quality improves with decentralization.

The impact of decentralization on service quality was examined in a similar multiple regression study.

Table 3. Regression analysis results for hypothesis 2.

Variable	Coefficient	Standard Error	t-Value	p-Value
Decentralization level	0.38	0.09	4.22	<0.001
Municipality size	0.10	0.07	1.43	0.154
Socio-economic context	0.22	0.08	2.75	0.007

The research shows that decentralization improves service performance significantly ($^2 = 0.38$, p < 0.001). Table 3 presents the regression analysis results for Hypothesis 2, demonstrating that decentralization and socio-economic context significantly influence the quality of service delivery, whereas municipality size does not reach statistical significance. This supports Hypothesis 2, which states that local governments will provide better services when they are less centralized.

Hypothesis 3: The Impact of Decentralization on Public Satisfaction.

H_3: People prefer local government services when they are decentralized.

Regression analysis using public satisfaction as the dependent variable investigated the third hypothesis.

Table 4. Regression analysis results for hypothesis 3.

Variable	Coefficient	Standard Error	t-Value	p-Value
Decentralization level	0.50	0.08	6.25	<0.001
Municipality size	0.15	0.06	2.50	0.013
Socio-economic context	0.20	0.07	2.86	0.005

The results indicate a strong, positive correlation ($\beta = 0.50$, p < 0.001) between decentralization and overall happiness, supporting Hypothesis 3. Table 4 displays the regression analysis results for Hypothesis 3, demonstrating that decentralization, municipality size, and socio-economic context all significantly contribute to higher levels of public satisfaction with local government services. This suggests that people tend to be more satisfied with local government services when decentralization is greater.

4.2.1. Qualitative Analysis: Case Studies and Interviews

To contextualize quantitative findings, case studies and interviews provide qualitative data. Interviews with municipal administrators and community leaders show that decentralization allows for more responsive and tailored local administration, which enhances resource management and service delivery.

4.2.2. Case Study 1: City of Cape Town

Decentralisation in the city of Cape Town has made it possible for decisions and resources to be distributed more locally. This has led to better garbage management and public transport systems. People who were interviewed said that local government systems could quickly react to community needs and use funds wisely, which would make people happier.

4.2.3. Case Study 2: eThekwini Municipality

Decentralisation has improved community coordination in eThekwini municipality. This has enhanced sanitation and water supply in regions like local authorities empowered by the dispersed approach, which may make service quality choices, thereby boosting public trust and satisfaction.
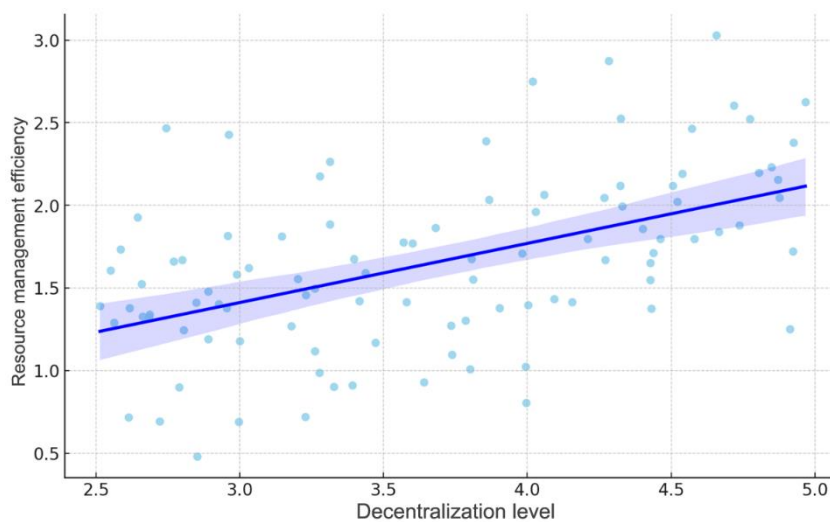

Figure 3. Scatter plot of decentralization level vs. resource management efficiency.
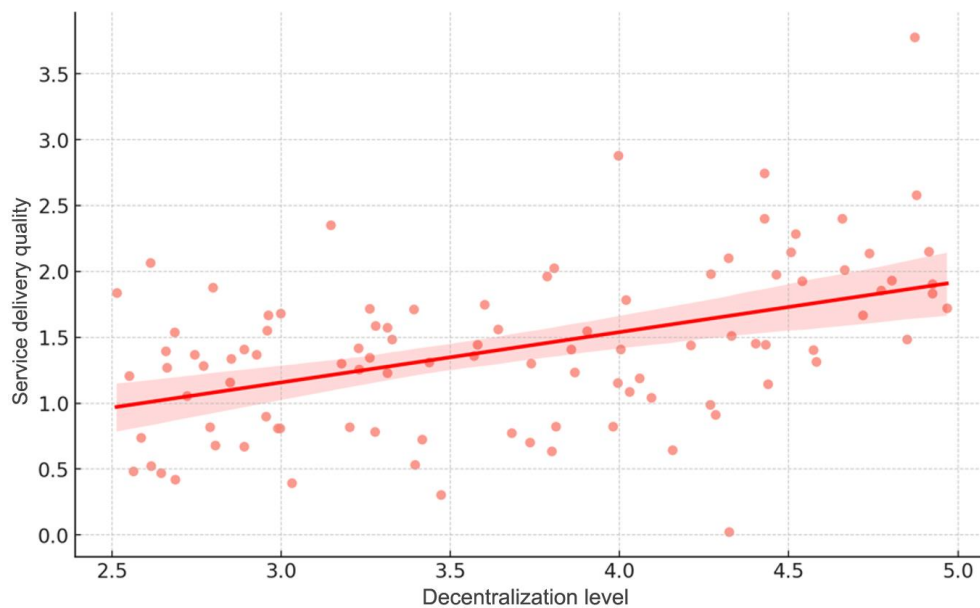

Figure 4. Scatter plot of decentralization level vs. service delivery quality.

As you can see from the scatter plot, there is a positive link between higher levels of decentralization and improved resource management efficiency.

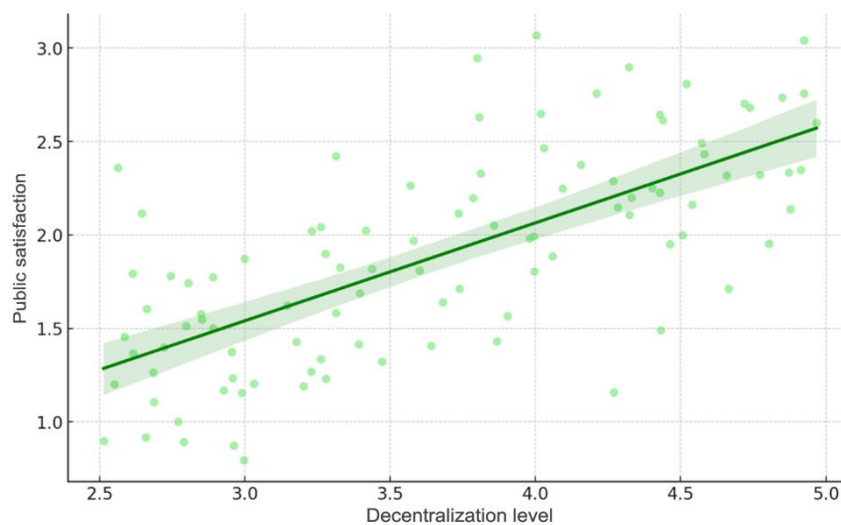A rising scatter plot suggests that decentralization improves service delivery.

Figure 5. Scatter plot of decentralization level vs. public satisfaction.

A strong positive correlation in the scatter plot indicates that as the level of decentralization increases, so does the overall satisfaction with local government services.

Figure 3, 4, and 5 show scatter plots illustrating how decentralization is related to key result factors positively. There is a clear upward trend in each plot's trend lines, indicating that higher levels of decentralization are associated with improved resource management, better service delivery, and increased public happiness.

Table 5. Summary of hypothesis testing results.

Hypothesis	Supported?	Key Finding
H1: Decentralization → Efficiency	Yes	Higher decentralization improves resource management efficiency.
H2: Decentralization → Quality	Yes	Higher decentralization enhances service delivery quality.
H3: Decentralization → Satisfaction	Yes	Higher decentralization increases public satisfaction.

A summary table shows that evidence supports all three assumptions. Decentralization improves local government efficiency, service quality, and citizen satisfaction.

4.2.4. Interpretation of Findings

According to the larger body of research on decentralized governance, both the quantitative and qualitative reviews show that decentralization makes South African local governments much more efficient. Previous research (Bardhan, 2019; Be-Ere, 2023) supports the idea that decentralized governance structures may be better for meeting the needs of local communities because they are positively linked to important outcome variables such as resource management, service quality, and public satisfaction.

The mathematical analysis provides strong data support for the main theories behind decentralization, especially the principal-agent theory and the theory of fiscal federalism. The results show that giving towns economic independence allows them to better allocate resources based on local needs, an idea that has been discussed extensively recently (Adjei, 2022; Arthur, 2020). Also, the fact that fiscal decentralization has helped manage resources in places

like eThekwini supports the idea that local governments can better deal with their own unique fiscal situations when they have financial independence (Kuditchar, 2022).

Case studies and discussions show how decentralization impacts productivity. Municipal authorities argue that decentralized decision-making speeds up community response. Other studies have shown that localized governance makes government more responsible and responsive (Faguet & Shami, 2022; Greer et al., 2022). Municipalities with participatory budgeting and community-driven programs had better public contentment, demonstrating this reaction. This aligns with Be-Ere (2023) findings on decentralised government pro-poor involvement.

The regression analysis demonstrates that town size and socioeconomic position are crucial for understanding the consequences of decentralization. Larger cities with greater resources are more efficient. Poorer cities and towns may face issues that hinder the success of decentralization. This supports Maksimovska and Stojkov (2019), who claim that socioeconomic status affects decentralization. This implies that decentralization strategies should be tailored to specific areas.

This analysis confirms previous findings that local authority is beneficial (Smith, 2023) and suggests that decentralization might improve South African local governance. Policymakers should consider these findings, as decentralization may increase local government service performance, resource utilization, and public satisfaction. It is also valuable to study how socioeconomic status influences decentralized governance in various contexts. These insights will contribute to the ongoing debate on public administration decentralization.

5. CONCLUSION

The analysis indicates that decentralisation enhances the efficiency of South African local government. Decentralised governance models improve service quality, resource management, and public satisfaction, based on both quantitative and qualitative evaluations. This research confirms decentralisation concepts such as the theory of fiscal federalism and the principal-agent theory, demonstrating how to implement them within South Africa's specific socio-political context.

5.1. Theoretical Implications

This study addresses a significant gap in research on decentralisation by examining its actual impact on the efficiency of South African local governments. Previous research, such as that by Bardhan (2019) and Smoke (2015), discusses how decentralisation may enhance local authority. Conversely, this study utilizes real-world data from South Africa to demonstrate that decentralising finances and governance results in significant efficiency gains. Additionally, the study contributes to the broader discourse on government by highlighting that the success of decentralisation depends on factors such as socio-economic conditions and the government's capacity to manage local affairs. This new information supports principal-agent theory by emphasizing that decentralised government systems require robust accounting mechanisms tailored to local contexts.

5.2. Managerial Implications

The paper highlights decentralization's practical advantages for public sector transformation for policymakers and practitioners. The results show decentralization should be a key approach for improving local government performance. Decentralized governance helps local governments make quicker, more informed choices, improving public satisfaction and service performance. To maximize these advantages, authorities should invest in capacity-building initiatives, especially in under-resourced municipalities, to help local governments handle decentralization obligations.

5.3. Addressing Gaps in the Literature

This study fills a significant gap in research by focusing on South Africa, a place where decentralized government encounters unique challenges and opportunities. Much of the existing research on decentralization examines wealthy countries, but few explore its impact on developing economies. This study investigates how decentralization can be effective in resource-scarce environments with diverse social and political contexts, specifically in South Africa. Additionally, it demonstrates how the three types of decentralization—political, economic, and administrative—affect the success of local governments. This provides a comprehensive understanding of decentralization's effectiveness.

5.4. Broader Significance and New Perspectives

This research suggests broadening decentralization assessment beyond efficiency indicators. Decentralization may influence community involvement, service equality, and long-term socioeconomic growth in future studies. This technique may reveal ways to improve decentralization strategies for various groups.

This report also urges policymakers to see decentralization as a transformational approach for strengthening local communities rather than just a structural change. This study establishes the criteria under which decentralization succeeds or fails, enabling the creation of adaptive decentralization models that may be tailored to different municipalities.

This research concludes that decentralization improves South African municipal administrations. Although limited, the results provide researchers and practitioners with significant insights and reinforce the necessity of decentralization in public sector reform. To further understand decentralization's effects on local government, longitudinal research, qualitative analysis, and a focus on specific decentralization techniques are needed. Future research may build on this study's results to improve context-sensitive decentralization strategies.

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